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NEWS SUMMARY

GENERAL

£3m silver haul found

An underworld tip-off led police to more than £3m of silver ingots in a North London garage.

It was virtually the entire haul from the bullion raid in Barking, Essex, in March.

Eight men were last night helping police, and charges are expected today.

NATO warning

NATO Defence Ministers meeting in Bodo, Norway, warned that the Soviet Union is increasing its nuclear fire power directed against Western Europe faster than feared. Back Page

Tax errors

Errors by Inland Revenue clerical staff result in 27 per cent of all tax assessments being inaccurate, an internal check in 43 of the 580 PAYE tax offices has suggested. Back Page.

Teachers' pay

Local authorities agreed to pay in full the Clegg award to teachers in England and Wales, including the disputed £130m awarded in error. Page 9

Embassy killing

Guard was shot dead by two youths, believed to be Iranians, who burst into the Iraqi Embassy in Rome carrying a bomb. In Kuwait, a bomb exploded at the Iranian Embassy. Page 2

Iran anniversary

Iran's universities were closed indefinitely on the eve of today's anniversary of the uprising against the Shah. Page 3

Beirut talks

Palestinian guerrilla leaders held talks in Beirut following the West Bank bomb attacks on two mayors. Page 3

McNee hits out

Metropolitan Police Commissioner Sir David McNee said media treatment of the police was one of the main reasons for the force's loss of public esteem.

Coach crash

More than 50 French schoolchildren were taken to hospital when their coach was in collision with two articulated lorries near Maidstone, Kent.

£1m opera boost

Arts Minister Norman St. John-Stevas said the Government is to give another £1m towards improvements at the Royal Opera House, Covent Garden. Page 19

Nuclear protest

West German police used water cannon and armoured vehicles to clear more than 2,000 demonstrators from the site of a planned nuclear waste dump near Hanover. Page 2

Derby double

Jockey Willie Carson won his second Derby riding Henbit (7-1) at Epsom. He won last year on Troy. Racing, Page 18

Briefly . . .

London had its hottest day of the year, with temperatures over 80 deg. F. Forecast, Back Page

Queen and Prince Philip will visit Tunisia, Algeria and Morocco for first time in October.

Four Birmingham policemen disarmed teenage girl who threatened to shoot them.

Tornadoes in Nebraska killed at least five and injured more than 100.

BUSINESS

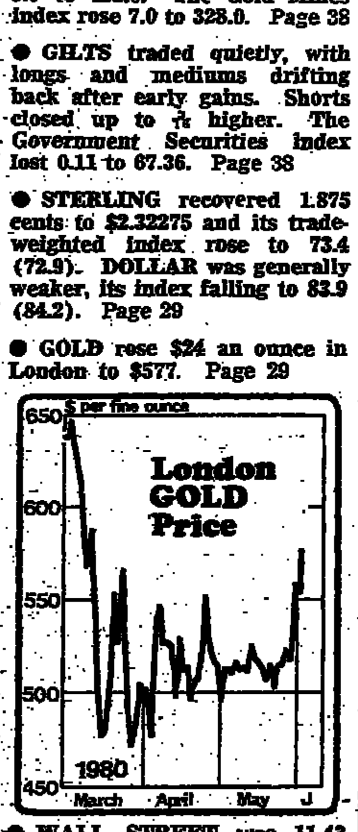
Equities at 423; Gold up $24

● EQUITY leaders edged up on selective buying interest and the FT 30-share index gained 3.0 to 423.0. The Gold Mines index rose 7.0 to 328.0. Page 38

● GILTS traded quietly, with longs and mediums drifting back after early gains. Shorts closed up to 1/16 higher. The Government Securities index lost 0.11 to 67.36. Page 38

● STERLING recovered 1.875 cents to $2.32275 and its trade-weighted index rose to 73.4 (72.9). DOLLAR was generally weaker, its index falling to 83.9 (84.2). Page 29

● GOLD rose $24 an ounce in London to $577. Page 29



● WALL STREET was 11.43 higher at 855.2 before the close. Page 36

● STOCK EXCHANGE is being taken to court by Tom Scarse, senior partner of Gittins and Co., stockbrokers, over an adverse decision by the Disciplinary Appeal Committee. Back Page

● APPEAL COURT has ordered the London branch of a Swiss bank to disclose confidential information about two customers suspected of having forged cheques for $1m. Page 6

● UNION CARBIDE Corporation of the U.S. is negotiating to sell nine ferro alloy plants in North America to a consortium of Norwegian and Canadian companies.

● INI, the Spanish State holding company, may seek European and Japanese partners after Fiat of Italy pulled out of a capital increase scheme for its Seat motor group. Page 27

● LITTLEWOODS stores group announced a £10m package of price cuts, mainly on clothing and foods, following concern over a drop in consumer spending. Page 8

● MAN-MADE FIBRE output in the first quarter fell by 8.8 per cent to the lowest level for any equivalent period since 1975, ICI Fibres deputy chairman has disclosed. Page 8

● UNEMPLOYMENT in Britain will exceed 2m by the end of the next year, warns the Manpower Services Commission. Back Page

● STAFF ASSOCIATIONS at the Barclays, Lloyds and National Westminster banks have voted to back proposals for a joint staff union. Page 9

COMPANIES

● COMET Radiovision Services, electrical and gas appliances retailer, raised taxable profits by £121,000 to £5.66m for the half-year after a profit-sharing deduction. Page 22, Lex, Back Page

● ARMITAGE SHANKS Group, bathroom fittings manufacturer, raised pre-tax profits by 38.3 per cent to a record £6.27m for the year to March 29. Page 23

● McCORQUODALE and Co, specialist printing group, raised taxable profits from £2.38m to £2.69m on a turnover increase from £8.27m to £40.12m for the half-year. Page 22

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		
Armitage Shanks	90	+ 3
Berisford (S. & W.)	142	+ 4
Brit. Home Stores	260	+ 4
Clifford's Dairies A	87	+ 4
ICI	366	+ 6
Lloyds Bank	300	+ 5
Milford Docks	145	+ 10
Mountview Ests.	139	+ 11
Nat. Carbonising	129	+ 6
Polly Peck	58	+ 4
Racal Elect.	242	+ 8
Ratners (Jewellers)	57	+ 5
Reed Intl.	182	+ 6
Shaw Carpets	23½	+ 3½
Thomson T-Line Caravans	80	+ 5
Vickers	117½	+ 8
BP	356	+ 12
Ranger Oil	£12¼	+ 1⅜
Shell Transport	396	+ 6
Tricentrol	378	+ 24
Ultramar	358	+ 12
Gold Mines of Kalgoorlie	310	+ 32
Mount Lyell	96	+ 20
Stilfontein	819	+ 49
FALLS:		
War Loan 3½pc	£31¼	— ⅝
Allen Harvey & Ross	330	— 20
British Northrop	10	— 6
Gerrard & National	238	— 12
Lucas Inds.	185	— 5
Union Discount	425	— 20

Bonn backs EEC deal after battle over the financing

BY ROGER BOYES IN BONN

THE WEST GERMAN Cabinet agreed yesterday to back the EEC budget package for Britain, after struggling for 10 hours over how to find an acceptable way of financing Bonn's portion of the deal.

The unusual length of the Cabinet meeting, the whole day and well into the evening, gave a hint of the problems facing the Bonn Government in its search for the DM 2.6bn (£625m) needed in the next two years to pay for the EEC plan.

Officials admitted that there had been differences in the Cabinet, but stressed that opinions had split between the various Ministries rather than along party lines between the Social Democratic and Free Democratic coalition partners.

Details of the financing agreement reached by the Cabinet last night will be disclosed today by Herr Hans Matthoefer, the Finance Minister, who made his reservations about the Brussels package unambiguously clear last weekend.

The Cabinet was "fundamentally positive" toward the EEC package yesterday, according to a Bonn Government spokesman.

That was certainly the tone set by both Chancellor Helmut Schmidt and Herr Hans-Dietrich Genscher, the Foreign Minister, who opened the Cabinet discussions by stressing the importance of European unity at a time of international tension.

The Chancellor's view was that a quick settlement of Britain's budgetary complaints should override the financial difficulties and sacrifices involved for its partners.

The problem in the Cabinet was its limited room for manoeuvre in financing the deal.

To some degree these restraints are self-imposed. Both the Chancellor and Herr Matthoefer are, for example, determined that the extra money should not be raised through further State borrowing. But there are important domestic political factors at work.

There is a feeling that the large tax rebate programme promised to the electorate for the next year should remain substantially intact. Any major incursions on this would certainly prompt sharp criticism from the Christian Democratic Opposition, which offers tax cuts as part of its election programme.

MRS. THATCHER 'RELUCTANT'

The Prime Minister was reported by senior ministers yesterday to be deeply reluctant to accept the EEC budget package brought back from Brussels by Lord Carrington last week, writes Richard Evans. She is said to have wanted to continue the fight despite the danger that this would have precipitated a major crisis within the EEC.

The Foreign Secretary apparently had a long and at times acrimonious discussion with Mrs. Thatcher at Chequers on Friday when he sought to persuade her that it was the best deal Britain could obtain.

Mrs. Thatcher's initial reaction was to hold out for more than two-thirds of a loaf on the grounds that Britain had sufficient leverage from its veto on the proposed 5 per cent rise in farm prices to get closer to the original target of broad balance between contributions and receipts.

She was persuaded to support the package only by Lord Carrington's insistence that rejection would not result in a better offer at the Venice summit next week. The incident illustrates the continuing influence of Lord Carrington on the Prime Minister.

Lucas to cut 3,000 jobs and close two plants

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

LUCAS ELECTRICAL revealed to union leaders yesterday plans to cut 3,000 jobs and close two of its 13 plants. The move was blamed on falling UK demand, particularly from BL.

The company also emphasised the problem of gaining profitable export business when confronted with domestic wage inflation and a strong pound.

Lucas is the latest of a growing list of motor components companies to close plants and cut labour in response to the international recession in the automotive sector.

The bulk of the redundancies will be at Midland plants but three factories in Burnley will also be affected.

Union leaders in the West Midlands, with its heavy dependence upon car assembly, are calling for import controls. They warn that up to 400,000 jobs in the dependent components industry are at risk as UK assemblers lose ground to foreign competition.

Senior shop stewards from the Lucas plants will meet in Birmingham on Monday to decide whether to fight the redundancies. Concerted opposition seems unlikely, as Lucas is offering redundancy terms above the legal requirement.

The company told union leaders that it hopes to achieve much of the rundown through natural wastage and by calling for volunteers.

Lucas Electrical, which supplies a range of components from alternators to headlamps, has already shed 1,500 jobs through natural wastage over the past 18 months to take the labour force down to 18,000.

The company said it was suffering from a fall off in demand from UK customers over a number of years. During recent months the reduction had accelerated and there was no indication of a return to higher levels.

Successful efforts to expand sales in overseas markets had been made. But the additional volume of business was not sufficient to offset the drop in UK sales.

The situation is aggravated by wage inflation which, combined with the increasing strength of the pound, is reducing opportunities abroad.

Lucas Industries, with a total UK workforce of 66,000, said no redundancies were anticipated in other parts of the group. But it cautioned that the outlook was dependent upon the performance of the UK motor industry.

The company is about to embark on a new pay round which will become effective for many employees from the beginning of next month.

The Grange Road factory in Birmingham, which makes traffic indicators, will close with the loss of 328 jobs.

Production will also be run down at the Chester Street plant, Birmingham, employing 470 to manufacture windscreen wiper motors. Production will be transferred from Chester Street to the Great King Street headquarters nearby with jobs being offered to around half the present workforce.

● Vauxhall is to lay off more than 5,000 workers at its Luton and Ellesmere Port plants for two weeks from June 16.

Merger probe into Berisford bid

BY JOHN EDWARDS, COMMODITIES EDITOR

THE S and W Berisford takeover bid for the British Sugar Corporation is to be referred to the Monopolies and Mergers Commission, the Department of Trade confirmed yesterday. This means that the offer is automatically withdrawn until the commission has reported, which could take up to six months.

The immediate reaction from Berisford was that it would fight as hard as possible to prove that the proposed takeover was not against the public interest. Mr. Gordon Hanson, finance director, said he was confident the bid would go ahead.

British Sugar, which has strenuously opposed the bid, has argued from the start that the takeover would put Berisford, already Britain's biggest sugar merchant, into much too powerful a market position.

An added complication is that the Government holds a 24 per cent stake in British Sugar, through the Ministry of Agriculture and the Treasury. British Sugar provides about 50 per cent of the UK sugar requirement and has a monopoly in marketing the entire domestic beet crop.

The Office of Fair Trading, is making the recommendation for the reference to the Monopolies Commission, evidently felt that there were too many large, contentious issues at stake for the bid to go through without an investigation.

Apart from the Government shareholding there is also the question of whether a commodity trading company would be able to run successfully a capital intensive producing group, which is of key importance to the UK food processing trade

On the London Stock Exchange British Sugar was initially marked down to 186p but rallied to close at 192p for a loss of 2p on the day. Berisford, which had gained 9p in the early part of the week put on a further 4p to finish at 142p.

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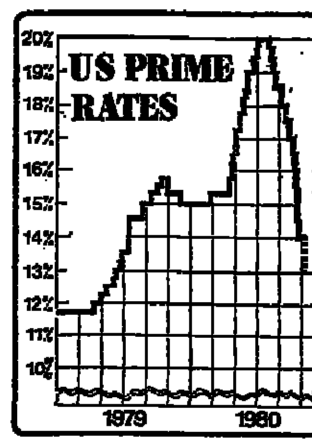
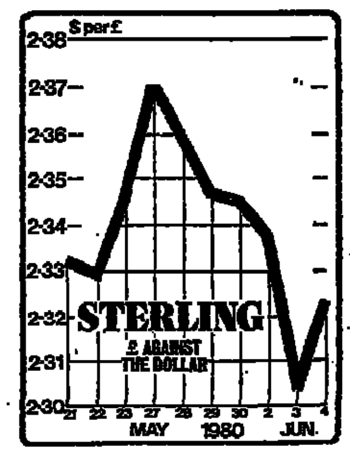
For latest Share Index 'phone 01-246 8026





Prime rates fall in U.S.

BY IAN HARGREAVES IN NEW YORK

U.S. INTEREST RATES moved down again yesterday as leading banks cut their prime lending rates from 14 to 13 per cent.

This drop, which was also accompanied by a decline in other short-term interest rates, led to substantial selling pressure on the dollar, although aided by central bank intervention, the U.S. currency remained fairly stable.

Chase Manhattan led the prime rate cut, which brings that key lending rate down seven points below its mid-April peak.

Mr. John Toreli, vice-chairman of Manufacturers Hanover Trust, said he expected the rate to reach 10 or 11 per cent by the end of the year.

Mr. Paul Volcker, chairman of the Federal Reserve Board said in New Orleans the fall in interest rates reflected lower credit demand.

Herr Karl Otto Poehl, head bank, said he did not foresee any reduction in German interest rates. The sharp fall in U.S. rates had led only to "normalisation" of the exchange rate between the dollar and the mark, he added.

At 13 per cent, however, the prime rate is still out of line with other market rates to which it is traditionally tied.

After edging upwards for several days, these short rates have fallen in the last two days; taking the rate on three-month U.S. Treasury bills, for example, to 7.50 per cent yesterday against 7.90 at the end of last week.

The downward move in these rates is more significant than the latest drop in the Prime Rate. It suggests that credit markets are coping well with the huge volume—more than $1bn this week—of corporate debt issues which have flooded on to the market since rates started falling.

Sterling recovers

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

STERLING yesterday recovered sharply to recoup a large part of its big fall on Tuesday as the foreign exchange market took a more cautious view of the prospect of an immediate cut in Minimum Lending Rate.

The pound rose 1.87½ cents to $2.3227½ — near the day's high — following the further fall in U.S. prime rates.

This compares with a level of over $2.33½ before the pound fell more than 4 cents in less than half an hour on Tuesday after the Prime Minister indicated that the cut in Britain's EEC contributions should go "to reducing public-sector borrowing and therefore to reducing interest rates."

It was quickly made clear in Whitehall that this remark referred to the long-term outlook and was not a hint of an immediate cut in MLR.

There is no doubt that the Government wants to cut interest rates as soon as possible, but the timing of this will depend on the strength of bank borrowing and on inflation prospects. A decision is unlikely until at least one month's money supply figures — and probably two months' have been analysed.

The episode highlights the volatility of sterling at present levels and the sensitivity of the exchange rate to the balance

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Money markets Page 29

£ in New York

—	June 3	Previous
spot	$2.2940-2960	$2.3320-3335
1 month	1.45-1.35 dis	1.53-1.48 dis
3 months	3.54-3.47 dis	3.76-3.70 dis
12 months	9.15-8.95 dis	9.50-9.35 dis

Carter emerges with a majority

By David Buchan in Washington

PRESIDENT Jimmy Carter has emerged from the last of the 1980 primary elections with a clear majority to win his Democratic Party's nomination.

But he now has to fight to keep Mr Ronald Reagan, the Republican challenger out of the White House in November.

The President won only three of the final eight Democratic contests. This gave him a total of 1,962 delegates, well ahead of the 1,666 majority needed.

However, the late surge for Senator Edward Kennedy of five primary victories, including California and New Jersey, has encouraged the Massachusetts senator to stay in the race right until the Democratic convention in August. The Senator gained 361 more delegates on Tuesday to the President's 324.

Senator Kennedy said that "in the near future" he would announce how he intends to carry on his guerrilla warfare against the President.

In contrast to the Democratic turmoil, Mr. Reagan coasted home on Tuesday, winning nine state primaries by huge majorities — Mississippi held its primary that day for republicans.

Further disturbing signs for Mr. Carter leading a split Democratic Party into the General Election campaign came in straw polls conducted on Tuesday.

These showed that some two thirds of Kennedy voters in California, Ohio and New Jersey would vote in November for Mr. Reagan or Mr. John Anderson, running as an Independent.

The Carter campaign is now desperately anxious to heal the breach with Senator Kennedy. But the White House said the Senator refused to take a call on Tuesday night from President Carter to congratulate him "on a tough, hard-fought campaign and to wish him well."

New Jersey and California were the key victories for Senator Kennedy—he won by 56 and 44 per cent, respectively. Ohio was the President's consolation prize, proving an isolated refutation of Senator Kennedy's charge that Mr. Carter cannot win in the big industrialised States

Of the other contests, Mr. Carter took West Virginia and Montana, and Senator Kennedy Rhode Island, New Mexico and South Dakota.

Reagan gains ground as Democrats fight to the death Page 4

EUROPEAN NEWS

Yugoslavia to give freer rein to market forces

BY ANTHONY ROBINSON IN BELGRADE

EVIDENCE THAT Yugoslavia's new collective leadership has opted for a pragmatic approach to the country's economic and social problems, including a new legal framework for small private enterprise, is expected to emerge shortly through measures to revitalise the economy and strengthen the self-management system.

The general outlines of thinking among the collective state and party leaderships emerged during an hour-long discussion here with Mr Stane Dolanc, a member of the 23-man party presidium and former secretary of the Yugoslav League of Communists.

The starting point is the assumption that Yugoslavia is living beyond its means and that a more realistic approach is needed both in the economy and in conceptions of what a Socialist society means. As Mr Dolanc described the situation: "Some people seem to believe that Socialism is just social welfare, that they don't have to work, and that other people will take care of their problems. In fact Socialist society also has its conflicts and contradictions, and these have to be faced

The main factor clarifying the leadership's collective thinking has clearly been sharpened by Yugoslavia's declining international competitivity and last year's nearly $4bn payments deficit. Now the message is being spread that the solution to economic and social problems lies in the traditional virtues of "higher productivity, harder work and higher savings."

It is thus intended to increase the *efficiency of the system by a* series of measures which will "give freer rein for the play of basic market forces."

This will entail prices to be fixed according to *market* forces, changes in the taxation system, greater encouragement of savings, investment cutbacks (in both the economic and social sectors) and other measures to promote higher productivity and higher exports.

Taxation reforms will be aimed at stopping Yugoslavs from earning high, tax-free sums from moonlighting and other private activities. The latest thinking is that the private sector must be brought out of its present semi-clandestine existence and be provided with a legal framework which will permit small private services and industrial companies to exist openly.

Something like this already exists in the republic of *Slovenia where special* legislation for the so-called "Mala Privreda," or small economy, has already created such a legal framework.

In this way, the private sector will also be obliged to pay its fair share of taxes and other social contributions. This is expected to curtail the sort of conspicuous consumption which has an unsettling effect socially, as well as provide new jobs and valuable services and products.

In this way the socially-owned sector, too, is expected to benefit from the flexibility provided by private sub-contractors and suppliers.

According to current thinking this will not in any way represent a threat to the self-*managing* system which is, and remains, the basis of the economy. Clearly, however, there are those in Yugoslavia who have doubts about the *system and* Mr. Dolanc admitted that there are those who "call for a strong hand."

The last major effort at economic reform took place in 1965 *when, with IMF and* World Bank assistance, Yugoslavia introduced the basic elements of market oriented Socialism.

One of the side effects, however, was a sharp increase in unemployment and emigration.

Unemployment remains a problem but the leadership believes that the new measures will be accompanied by the creation of extra jobs in the private sector to compensate for the shedding of labour from inefficient enterprises.

They also believe that much unemployment is due to structural problems which also have to be tackled. In Slovenia, for example, there are over 60,000 unfilled vacancies and there are shortages of skilled people everywhere. One problem however, is that the educational system turns out too many humanists and not enough scientists.

Few candidates seek to follow Jenkins as 'Mr. Europe'

BY JOHN WYLES IN BRUSSELS

WANTED, Man of broad experience to fill top international job coming vacant at the end of the year. Must have political skills but not too many, and independence of mind, but not too *much. Ability* needed to work closely with people of other nationalities of varying degrees of competence. Post for two years, usually renewed for another two. Salary around £60,000, good fringe benefits and *numerous opportunities for* travel.

The job, of course, has not been advertised but it will be filled next week by EEC heads *of government at their meeting* in Venice. The Community will then have a new president of the Commission ready to take over at the end of the year—a *new* "Mr. Europe" as Mr. Roy Jenkins was christened during the British Press's short burst of uncritical enthusiasm for the European idea.

The label has *a hollow ring* these days, when the Community has only just ended one bitter interneune battle (over British budget contributions) and *faces* several more in the coming years (reform of the Common Agricultural Policy, the size and shape of the Community budget, to mention but two).

Given the uncertain outlook and the clear lack of consensus among the Nine about where the Community should be going, the choice of Mr. Jenkins' successor is arguably one of the most critical decisions which EEC governments have to take this or any year.

Unfortunately, the EEC leaders will have a crowded agenda to cover in a few short hours next week, which means there is unlikely to be much discussion of the qualities needed in a president of the Commission, nor indeed of the opinions he ought to hold about the Community.

Least objectionable

While Mr. Jenkins was chosen almost by acclamation, once his readiness to accept had been discreetly communicated, the man (not much opportunity for a woman at this level of Community politics) selected next week looks likely to be he who is least objectionable to the assembled heads of government. rmetaoin shrdlu etaoin etaoinn

The contrast with the Jenkins appointment (enthusiastic European politician of international repute) tells us much about the Community's current malaise. Without intending to slight the known candidates, or indeed the final nominee, it can be said that there seem to be *precious* few men of public renown anxious to wear the crown of "Mr. Europe." This is partly because neither France, West *Germany nor the UK will be* providing candidates, but there are surely other explanations.

Could the reason be that the job seems to lack enough influence to compensate for regular exposure to Chancellor Helmut Schmidt's bad temper or President Valéry Giscard d'Estaing's *hauteur*? Could it be *that* men who might have been tempted 10 years ago, see now that the European Commission and its president have been eclipsed by national governments, for whom the Commission is both servant and a whipping boy? Or could it be that too many potential candidates have been reading the *"three wise men"*?

Messrs. Barend Bisheuvel, Edmund Dell and Robert Marjolin were conscripted by the heads of government "to consider adjustments to the machinery and procedures of the Community institutions."

Their 118-page report, presented last October, depicted a set of institutions that are groaning under an intolerable burden of work, with the role *and authority of the Commission* having especially declined in recent years. This is partly because the Council of Ministers (representing the *nine member states*) all too often ignore Commission proposals and partly because the Commission's own internal operations have become increasingly inefficient.

Team work

"There has been a loss of collegiality in its members' method of working, combined with inadequate internal co-ordination," said the "three wise men." With the last point they meant simply that the president and his 12 (soon to be 13 with the accession of Greece) Commissioner colleagues were unable to work effectively as a team.

This is a difficult enough problem for any new president to assume; but there is worse. "The authority of the Commission's president needs strengthening in every way possible," said the report, which suggested that he should have a greater say over the distribution of portfolios among his Commissioner colleagues and "must ultimately have the last word" on the matter.

Many senior Eurocrats believe that the new president and his colleagues offer the last chance to retrieve some of the Commission's former status and *halt its slide into a mere* secretariat and foot soldier for member governments. The president must, they believe, be a senior politician of at least equivalent standing to Mr. Jenkins, but with more interest in and flair for managing and controlling a bureaucracy.

None of the names gossiped *around Brussels as possible* candidates for the presidency has sent any kind of *frisson* of excitement through the Commission. If M. Gaston Thorn of *Luxembourg, or Sig. Filippo* Maria Pandolfi of Italy or a dark—and so far unidentified—horse is eventually the Venice summit's choice, he is unlikely *to be overburdened with a* Community-wide sense of expectation and anticipation.

Barend Bisheuvel of Holland was once talked of as a possible candidate for the presidency and is said to have made sure that his Prime Minister will not nominate him. As a "wise man," he obviously read his own report.

Two possible contenders: Sig. Pandolfi of Italy (above) and M. Thorn of Luxembourg (below)

Sluggish growth and 20% inflation forecast for Ireland

BY STEWART DALBY IN DUBLIN

A GLOOMY picture of Ireland's prospects, with minimal economic *growth and an inflation* rate approaching 20 per cent, has emerged in reports from leading economic forecasters in Dublin.

The dire predictions come against a background of a strike at Aer Lingus, the national airline, and the possibility of a *new postal strike.*

The central bank in its annual report says that GNP will grow by only 0.5 per cent this year, while inflation will be 18.5 per cent. Worst of all, the central bank says the balance of payments deficit on current account will not be substantially different this year at I£740m (£680m) as it was in 1979.

The main cause of the large balance of payments' deficit, which the central banks says is twice the average of other EEC countries in terms of GNP, is the increased cost of oil imports. The net oil import bill rose from I£333m in 1978 to I£510m in 1979 and is likely to be I£800m this year.

The central bank says the Government must slash the public sector borrowing requirement, which is 10.4 per cent of GNP, and reduce the balance of payments deficit.

The Central Statistics Office will apparently soon produce *figures which show that inflation* in Ireland is now running at 20 per cent. The Confederation of Irish Industry and the Economic and Social Research Institute, says that business confidence is at its lowest ebb since 1975. Their survey says that output has stopped growing in most large companies, that there could be cutbacks in the workforce and that many companies are reducing stock levels.

The strike at Aer Lingus involves 950 craftsmen who are members of nine separate unions. They are arguing about pay differentials and it seems that despite the intervention of Mr. Gene Fitzgerald, the *Minister for Labour, the dispute* will now drag on for several weeks.

The postal workers have rejected a new pay offer. The members of the 13,000-strong Post Office Workers' Union voted by 8,642 to 1,473 votes to throw out pay proposals.

When their four-month strike ended last June, the workers accepted an interim 15 per cent increase. A condition was that a new settlement would follow. But the latest offer of 5 per cent to postmen and between 9 and 11 per cent to clerks and sorters has been called unacceptable.

Bid to ease tension over E. German curb on Poles

BY LESLIE COLITT IN BERLIN

THE POLISH Foreign Minister, Mr. Emil Wojtaszek, arrived for talks in East Germany yesterday as severe measures were introduced to limit the entry of Poles into East Germany for economic reasons.

Last year Poles made 5½m trips across the Oder-Neisse border, mainly to buy goods both cheaper and in short supply in Poland. East Germans in the border region have complained bitterly about their shops being drained of products by visiting Poles. The resulting tensions led to steps this week to curb the number of Poles entering the country.

For every day that Polish citizens are in East Germany they will have to buy 25 marks for zlotys, and will be allowed to buy only 350 marks a year. This limits to 14 the number of border crossings they can make each year. In addition, Poles are no longer able to buy cheaper East German petrol but instead must purchase coupons for the price of petrol in Poland. It has largely been Poles living near the border who cause the most resentment in East Germany.

This, in turn, led to incidents and threatened to tear open the wounds among Poles left by the German occupation of Poland in the Second World War.

Mr. Wojtoszek is in East Germany on what is described as a "friendship" visit to Herr Oskar Fischer, the Foreign Minister.

The East German news agency said they discussed the "further strengthening of fraternal relations" between the two countries. Next month, East Germany and Poland are scheduled to celebrate the 30th anniversary of the signing of the Treaty of Zjorzelec (Gorlitz), under which East Germany recognised the post-war Oder-Neisse frontier.

Official celebrations are to take place along the border which Poles and East Germans were able to cross only with great difficulty until 1972. In that year the border was thrown open to visa-less travel which has now been sharply restricted

6,000 will cover Games

ZURICH—Soviet officials say they expect 6,000 journalists to attend the Moscow summer Olympics beginning on July 19.

Mr. Ysevolod Sovva, an official of the press department of the Moscow Organising Committee, said in Zurich that requests for accreditation were only slightly fewer than expected at about 6,000, including 1,000 television staff and 650 photographers.

Mr. Vladimir Popov, vice-president of the committee, added that journalists would be allowed to report on aspects of Soviet life outside the games. They would be able to interview Soviet citizens freely, "but I must emphasise that the laws of the land must not be violated," Mr. Popov said.

Referring to a U.S.-pioneered boycott of the games, Mr. Popov said the countries which had agreed to take part won 150 out of 198 gold medals during the last summer games in Montreal in 1976. "There has been some sarcasm about the value of the gold medals to be awarded by the Moscow games. They have been variously described as made of chocolate, marmalade and so on. I can only say that the gold medals will be much heavier in weight and substance than that," he said.

Mr. Popov, who has been attending a Press Commission meeting at the International Olympic Committee's Lausanne headquarters, said all the Moscow sports stadia were now ready.

W. German police battle nuclear protesters

By Roger Boyes in Bonn

WEST GERMAN police and frontier guards yesterday used *water cannons, helicopter squadrons* and armoured cars to disperse over 2,000 demonstrators who for the past few weeks have been holding up test drill*ings for a* planned nuclear waste storage centre in Gorleben.

Major clashes had been expected but a police spokes*man* said there had been few violent incidents. Earlier protests against planned nuclear reactors in the German villages of Wyhl, Grohnde and Brokdorf *had* sparked off serious confrontations and caused political embarrassment to the local state governments.

Gorleben, in Lower Saxony, is an especially delicate case because it was the centrepiece of the Bonn Government's policy on nuclear energy. The regional plan was to build a comprehensive reprocessing and waste storage centre there which could end the deadlock on nuclear energy in Germany. The commissioning of new *power stations has been held* up in several states because of legal objections that no adequate provision has been made for the *nuclear waste.*

However, Herr Ernst Albrecht, Premier of Lower Saxony, turned down the plan on the grounds that it was politically unworkable. He said subsequently, however, that Gorleben could be used *for waste storage*—but not reprocessing — provided test drilling indicated that the area was suitable. Three out of four drillings *have now been taken but the* demonstrators have been holding up the final one.

Gorleben has become the rallying point for the diverse *ecological groups in the country* and has helped the anti-nuclear "Greens" party, an important *force* in communal and state politics.

Strike called against French health changes

PARIS—France's main trade unions have called a 24-hour strike throughout the country today to protest against Government plans to change health insurance payments.

The strike, like a stoppage on *May 13, is expected to disrupt* rail traffic, as well as gas, electricity and postal services. There will be no newspapers. Banks may be affected and many surgeries will be closed except for urgent cases.

Reuter

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New Norwegian offshore rules attacked

BY FAY GJESTER IN OSLO

NEW PROPOSALS to regulate Norwegian offshore petroleum activities have been sharply attacked by NIFO, the organisation representing the 14 oil companies with operator status on Norway's offshore concessions.

The draft law appears to provide for "an unnecessary toughening" of conditions affecting the oil companies, says NIFO, arguing that as long as the existing rules have no obvious defects they should not be changed significantly. If they are, it could create doubts internationally about the stability of Norway's oil policy.

Specific aspects of the draft which NIFO dislikes include:

- The wide scope it gives to the authorities to intervene in purely technical and business matters.
- Oil companies would lose the right to take disputes with the Government to independent arbitration. Instead, all such disputes would have to be settled through the courts, which, says NIFO, have less power to reverse official decisions.
- A provision enabling the Government to force the oil companies to undertake certain investments, by threatening to withdraw their concessions if they do not comply.
- The proposal that the State should be able to requisition oil from the oil companies—over and above the amount it is entitled to, as royalty oil—in order to meet its obligations to third parties under supply agreements.

The only operator oil company which does not back all NIFO's objections is Statoil, the state oil concern. In a separate comment to the Oil Ministry, it centres its main criticisms on the ambiguous wording of some sections of the draft.

It does object, however, to the provision which empowers the Government to force a concession holder to exploit a find. Given its status as a partner in all new finds (with a minimum 50 per cent stake), Statoil believes it will be able to regulate exploitation satisfactorily on its own without the help of the Oil Ministry.

It was also announced yesterday that the Alexander Kielland hotel rig which capsized in the North Sea two months ago, killing 123 workers, might be righted again next month. Mr. Andreas Cappelen, the Justice Minister, told Parliament that the rig's owners are trying to speed up studies to see if the operation is feasible.

Extremists raid Rome embassy

By Rupert Cornwell in Rome

PRO-KHOMEINI Iranian extremists appear to have been responsible for an attack on the Iraqi consulate and embassy in central Rome, yesterday. One Iraqi guard was killed and a terrorist was wounded.

The attack, which further emphasises the role of the Italian capital as a theatre in which Middle East feuds are acted out, took place shortly before noon. Two men burst into the Iraqi diplomatic compound and killed a guard before coming under fire from others protecting the embassy.

One of the attackers was later taken to hospital with serious injuries. The other fled after leaving a suitcase bomb which the police were able to defuse. Witnesses said one of the raiders repeatedly shouted "Long live Khomeini."

The incident seems to be the first attack by Iranians on an Iraqi diplomatic mission

For the Italians it is worrying new evidence of the ease with which extremists can move in and out of the country.

N. Sea find by Danish group

By Hilary Barnes in Copenhagen

INDICATIONS of hydrocarbons have been found in an exploratory well, Lulu 1, about 220 kms north-west of ***Esbjerg in the Danish*** **sector of the North Sea, according to AP Moeller, one of the companies concerned.**

An official of the Danish Energy Directorate was quoted as saying, however, that the well looked promising.

Swedes to market synthetic fuel

BY VICTOR KAYFETZ IN STOCKHOLM

BOLIDEN, the Stockholm metals and chemicals group, has bought the patent for Carbogel, an oil-like fuel made by liquefying crushed and purified coal. It will develop and market the fuel with Scaniainventor, the small south Swedish company which devised it.

Mr. John Dahlfors, managing director of Boliden, describes the investment as one of the largest ever made by his group on a single innovation.

Carbogel, whose energy content is just over half that of oil and slightly less than that of ordinary coal, can rapidly replace oil for power generation, heating and direct industrial use, Boliden says.

Large-scale use of Carbogel within the Boliden group, which uses 200,000 tonnes of oil annually, would save nearly SKr 40m

Boliden can use the sulphur and heavy metals removed from coal in production of Carbogel for its own manufacture of sulphuric acid and paints. Carbogel can also replace oil as feedstock in the production of artificial fertiliser by the group's subsidiary, Supra.

A newly formed company, AB Carbogel, with Boliden and Scaniainventor as equal partners, will perfect the fuel-making process and sell licences for it internationally. In Scandinavia Boliden will have exclusive rights.

Disillusioned Italians face more of the same at local polls

BY PAUL BETTS IN NAPLES

"WHEN THE FATHER is a thief and the mother a whore, the son can hardly turn out to be the Holy Father." With only four days to go before 43m Italians vote in a regional and local city council elections, Sig. Antonio Esposito, a Neapolitan businessman, is somewhat cynical about Italy's unsettled political situation.

The Christian Democrat Party is the "father" who has enjoyed 35 years of uninterrupted power and is now universally blamed for the country's long mis-government. The Communist Party is the "mother," which as the country's second largest party has effectively helped the Christian Democrats to stay in power.

The "son" is the Italian electorate, whose conservative voting has been the underlying reason for the country's failure to find a lasting compromise between right and left.

The local polls next Sunday are a replay of last June's inconclusive general election which did little to break the political deadlock and, if anything, made Italy even more difficult to govern. But they will be the first test for Sig. Francesco Cossiga's recently formed centre-left coalition of Christian Democrats, Socialists and Republicans.

During the last few days, Sig. Cossiga has come under pressure from allegations he had helped the son of a fellow from terrorist charges. The affair is unprecedented even by Italian standards and has overshadowed the last days of the regional election campaign. It has become the main issue in political rallies and broadcasts and it will clearly have an impact on Sunday's voting.

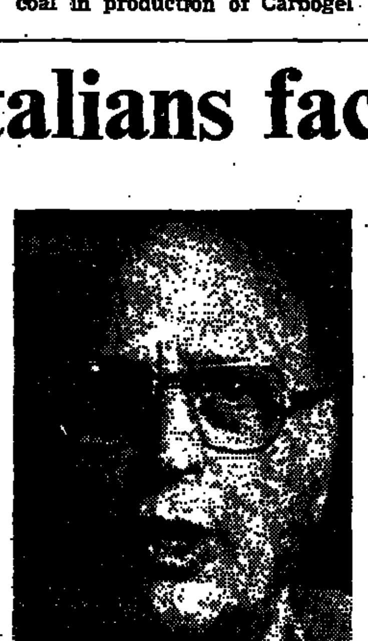
Yet this last minute twist has done little to dispel the apathy, disillusionment and general exasperation with the main political parties in Rome and the central government, which many believe disregard local views when no immediate political advantage can be gained from them. This feeling could not be more pronounced than it is in Naples.

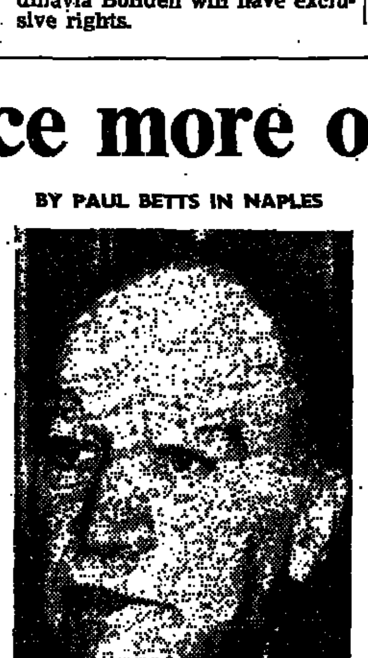
Even the row over the sudden disclosure of the terrorist charges against Marco Donat Cattin, the son of Sig. Carlo Donat Cattin, the former Christian Democrat Deputy-Secretary General, is regarded here as an electoral stunt. The Communists, in Naples at least, are being accused of overdoing their propoganda over the Donat Cattin affair. Sig. Maurizio Valenzi, the City's independent-minded Communist Mayor, has stated he is unwilling to turn a personal tragedy into an electoral issue.

The campaign in Naples is firmly based in the City's local problems, which have reached *national* proportions. This southern city, the third largest in Italy after Milan and Rome, has seen decades of Christian Democrat government and, during the past five years, Communist management fail to contain its malaise.

Nearly 10 per cent of its 1.5m inhabitants are unemployed and eke out a hand-to-mouth existence in some of the least salubrious streets of any Italian city. Many have devised their own means of survival, from contraband, which is said to employ directly or indirectly some 40,0[illegible] "black labour" which has given Naples, in the Communist mayor's words, the distinction of being the West's largest exporter of leather gloves without a single glove manufacturing plant in the area.

Entire families are still crowded into "bassi," squalid and degrading one-room dwellings at street-level which regularly get flooded when the rains start in the winter. Despite the charm of the city on a sunny day and the laundry hanging across the narrow labyrinthine streets and exotic street markets, infectious disease, overcrowding, filth, child labour, neglect, corruption and povety have transformed Naples into what some local people call "the Calcutta of the Mediterranean."





Sig. Maurizio Valenzi (left), the Communist mayor of Naples, faces a tough challenge from the extreme right MSI party of Sig. Giorgia Almicante (right).

Emotions tend to ride high, especially at election time. Like other major Italian cities, Naples came under Communist control during the last regional elections in the summer of 1975. The astonishing gains of the Communists in those elections and the 1976 general election, when they polled just over 40 per cent of the vote in Naples, were largely the result of popular protest against the Christian Democrats' poor record in office.

At that time, the Communists flung everything into their electoral campaigns, promising immediate changes and improvements once in power. But in Naples, as often elsewhere, they were landed with what Sig. Valenzi calls "poisoned gifts" from the Christian Democrats. In short, the Communists, as the Christian Democrats calculated, were unable to fulfil the expectations they had aroused. "They promised the moon, but the city is now in a worse state than we left it," a local Christian Democrat candidate said.

The Communists were isolated in local government in Naples. While the Christian Democrats sought to reach an accommodation with the Communists nationally, they threw everything into a fierce campaign in the regions and city councils. In Naples, the Communists held the town hall, but the real power of the state banks, the insurance companies, and the state-controlled industries like the financially troubled Alfasud car plant and the Bagnoli steel complex remained in Christian Democrat hands. As in other cities under Communist or left-wing control, deteriorating local conditions have tarnished the Communist party's image of good administration.

Last year, during the June general election, the Communists lost nearly 10 per cent in their popular vote in Naples, dropping to just over 30 per cent. Barring a miracle, they are expected to lose more votes on Sunday.

But it is equally unlikely that the Christian Democrats will pick up many new votes. Even before the recent *Donat Cattin* affair, the party had lost much credibility in the country. The general election trend in the last year has been an increase in *support for the smaller lay* parties like the Social Democrats, the Liberals and the Republicans. The unconventional small left-wing radicals have *also gained a* considerable number of protest votes, while the Socialists, the country's third largest party, also appear to be winning wider support.

In Naples at least, the right-wing neo-Fascist *Movimento* Sociale Italiano (MSI) party has been gaining a great deal of ground. The MSI's leader, Sig. Giorgio Almirante, is generally regarded as one of Italy's best, if somewhat controversial, political showmen, and he has concentrated his regional election campaign in the Naples area. Ironically, *it has sought to* appeal to the Neapolitan popular vote much in the same way as the Communists did in June 1975, by exploiting discontent at the *party in power.* Although Sig. Almirante may be a trifle optimistic when he *says* his party could gain more votes in Naples than any other party, *it is nonetheless likely to do* remarkably well.

In any case, most Neapolitans vote with their hearts rather than their minds and many still hanker back to the city's days under Spanish Bourbon rule or Sig. Achille Lauro, the shipping magnate, now in his 90s, who as a Monarchist literally ruled Naples in the 1950s.

There is already talk of large-scale abstentions and sizeable protest votes going to the smaller lay parties or the MSI. Should this be the case, it will be a further confirmation of the disaffection of the Italian electorate with the country's main political parties. And for the Communists — and Christian Democrats, this could be as worrying as a substantial electoral defeat.

Egypt's Cabinet confirms new budgetary policy

BY ROGER MATTHEWS IN CAIRO

THE EGYPTIAN Government met yesterday to confirm the broad lines of an ambitious new budgetary policy that aims to prevent price rises for essential commodities and public sector products for the next 12 months.

Dr. Abdul Razzak Abdel Meguid, the newly-appointed economic overlord, has already announced that his budget, to be introduced on July 1, will be the first for many years to exclude price rises.

This radical departure from the policies of the past two years which aimed at allowing prices to rise gradually to combat the massive cost of subsidies and the mounting budget deficit will cost the Exchequer some £120m during the coming 12 months, according to officials. Unofficial estimates put the cost substantially higher.

Much will depend on the determination shown by the Cabinet under Vice-President Hosni Mubarak in following President Anwar Sadat's directive that a wide range of essential goods should actually be made cheaper.

A list of some 400 commodities has been drawn up on which prices are to be cut. It will be some weeks before any assessment can be made of the impact on the inflation rate, which is unofficially calculated to have been running an annual rate of over 35 per cent during the first quarter of this year.

Concern over the political impact of rising prices is understood to have caused Mr. Sadat to order the reversal of policy. Dr. Abdel Meguid is expected to use the additional funds allocated to subsidies to import extra quantities of meat, which has been priced out of the reach of many poorer Egyptians, flour, sugar, lentils, frozen chicken and frozen fish.

The previous Government, in its last budget produced five months ago, had promised to cut the subsidies bill from £770m in 1979 to £513m in 1980. It was this promise, combined with a number of measures to increase Government revenues, that had brought Egypt and the International Monetary Fund reasonably close to a new three-year agreement worth up to £300m.

This seal of good economic housekeeping, much prized by the previous Government, remained dependent on the introduction of measures that now seem unlikely to be implemented.

A new IMF mission is due in Cairo before the end of this month and its discussions with the Government and assessment of the new budget will probably prove critical in deciding on the fate of a fresh agreement to replace one that was aborted in 1978 because of Egypt's failure to stay within agreed budgetary ceilings.

Tough Israeli action on West Bank strike

BY DAVID LENNON IN TEL AVIV

ISRAELI police dragged Palestinian shopkeepers out of their beds in East Jerusalem early yesterday morning as part of an operation to break a shopkeeper's strike called to protest against the assassination attempts against three mayors on the Israeli-occupied West Bank.

It was the latest in a series of tough actions aimed at crushing the recent upsurge of resistance to the Israeli occupation and preventing the assassination attempts turning resistance into a civil revolt.

Over 100 traders were rounded up just after midnight and taken to the police headquarters where they were handed written orders to open their shops at 7 am. The businessmen were told that they had been brought to the police headquarters to protect them against possible pressure by radicals to force them to close. The shopkeepers were detained for several hours before being escorted to their stores to make sure they opened.

Over half of the shops in Arab East Jerusalem were closed on Tuesday, despite Israeli attempts to force them open. But following yesterday's punitive action, all the shops opened. In other parts of the West Bank, shopkeepers were also forced for the second day running to open their stores.

The Israeli security forces investigating Monday's car bomb attacks, which seriously wounded the Mayors of Nablus and Ramallah, said they still had no lead as to who might have been responsible. The police laboratory has found that the explosive used was standard Israeli army issue. But officials said this did not prove the culprits were Jews; a great deal of stolen army equipment, they said, had fallen into Arab hands in the past.

The injured Mayors have blamed Israeli extremists and the Israeli authorities for the explosions. Their belief was strengthened when an Israeli who claimed he was spokesman for the Israeli Freedom Fighters' Movement "Terror against Terror" said his group had supplied the explosive for the attacks.

The man, who said his name was Shlomo, claims that movement had 250-300 members whose aim is "to expel all the Arabs and show them that they have no place in the land of Israel."

Inside Israel's pre-1967 borders Arab Mayors and heads of local councils have decided to strike today in support of the Palestinians of the occupied territories and in protest against the bomb attacks. In recent years there has been growing support among the 500,000 Palestinians living in Israel for their brothers in the West Bank and the Gaza Strip.

Mr. Menahem Begin, the Prime Minister and acting Defence Minister, met other senior Ministers yesterday for what was described as regular consultations. The local media said the main purpose was to discuss the deteriorating situation on the West Bank.

Israel's High Court yesterday called on the West Bank military governor to explain within 15 days why he had banned the distribution of two East Jerusalem daily Arabic papers in the occupied territories. The papers, which support the PLO, make most of their sales and earn most of their revenue on the West Bank. The military Government said when banning them on Sunday that the distribution of the papers may harm security and public order.

Palestinians close ranks in desire for revenge

By Ihsan Hijazi in Beirut

PALESTINIAN guerrilla leaders have been holding intensive consultations in Beirut on what is described as a new dimension in the conflict with Israel.

All eight guerrilla groups have issued statements describing Monday's car bomb attacks on two West Bank Mayors, Mr. Bassam Shaka of Nablus, and Mr. Karim Khalaf of Ramallah, as the beginning of a new struggle

Al-Fatah, the Popular Front for the Liberation of Palestine, the Democratic Front for the Liberation of Palestine the Syrian-backed Al Saiqa, and the other groups have vowed to take revenge.

Palestinians are demanding that the retaliation must be of the same magnitude as the crime against the mayors. It is likely to take several forms, but will concentrate on escalating Palestinian resistance on the Israeli-occupied West Bank and in the Gaza strip.

Palestinian reaction is as strongly directed against the U.S. as against Israel. Hostility towards Washington was underlined in a statement by Mr. Yasser Arafat, the Fatah leader who held Mr. Menahem Begin, Israeli's Prime Minister, and the U.S. responsible for the bomb attacks.

A manifesto issued by a congress of Al Fatah, which ended in Damascus at the weekend proclaimed that the U.S. was "enemy number one" of Palestinians, and called for strikes at U.S. interests in the Middle East.

The Fatah manifesto has brought the mainstream guerrilla group, once regarded as the most moderate in the guerrilla ranks, closer to the rest of the factions.

It was the product of 11 days of deliberations by the 523 members of the Fatah congress and is a reflection of Palestinian disillusionment and frustration. A key passage said that where the Palestinians were concerned, the promise of a peaceful settlement in the Middle East was an illusion.

Therefore, Fatah has reverted seeking to recover "all of Palestine" after the elimination of the "Zionist entity."

The manifesto declared that armed popular revolution was the only course for the liberation of Palestine. It did not rule out political action, but pointed out that diplomacy should be undertaken to win recognition of the PLO in Western Europe and Japan.

The shift in emphasis is clear. Heretofore, the PLO's diplomatic efforts were geared towards a solution of the Arab-Israeli conflict based on the establishment of an independent Palestinian state

The hardening of Fatah's stance has been brought on by Israel's determination to hold on to the West Bank and Gaza and by the insistence of the Carter Administration in sticking to the Camp David accords despite deadlock in the negotiations on Palestinian autonomy

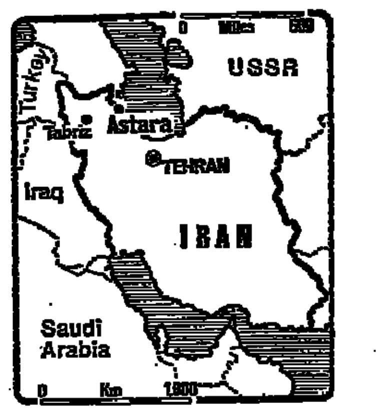
Explaining this, a Palestinian informant said: "Carter added insult to injury when he threatened to block any new Middle East move by Western Europe."

The Palestinians believe that no progress can be expected at the political level before the end of the U.S. elections, guerrilla leaders have said repeatedly that, in the interim, the Israelis are exploiting the strong position of Jewish voters in the U.S. to seize the West Bank and Gaza and to settle them with Jews. "It is a matter of life and death for us to resort to every means to stop this," one Palestinian said.

LETTER FROM ASTARA

All looks quiet on the Soviet frontier

BY ANDREW WHITLEY ON THE IRAN-SOVIET BORDER



SOVIET truck drivers do not walk. They stride purposefully without looking to right or left. Nor do they window-shop like other visitors to this small border town on the Western shores of the Caspian Sea. Instead, it's a quick haggle with a stallholder for a Japanese *multi-blade penknife or some* such item and they are back to the customs compound, hurrying in their stiff new jeans.

Astara is the main road crossing between Iran and Soviet Azerbaijan. It would be the route through which Eastern Europe would no doubt keep the embattled Islamic Republic supplied, should the West's economic sanctions be backed up by force.

Astara is also the place where the gas trunk pipeline to the Soviet Caucasus, known as IGAT-I, changes nationality. IGAT-I used to supply over a billion cubic feet a day, but has been dry for the past two months and will remain so until the Russians agree to pay the going rate for gas in Western Europe.

The last pumping station on Iranian soil stands neat and trim within a stone's throw of the stream which passes here as the Aras River, a boundary between Islam and state Socialism or betwen historic notions of the Middle East and of Central Asia.

From the graffiti on Astara's walls, Islam and Marxist-Leninism are waging a close *battle for the loyalties of the* town's 12,000 inhabitants. "Read Mardom" frequent slogans urge, referring to the newspaper of Iran's pro-Moscow Tudeh Party. "Long live the Tudeh" shouts others.

The burly Soviet truckers should be as gratified by these displays of right-thinking friendship as by the comment of an Iranian youth idling near the river. He wished he could go to the other side, "because there's work there, especially in farming."

But knowing the Soviet preference for avoiding controversy in Iran, perhaps Russian citizens in Astara are more comfortable with the graffiti which hail Ayatollah Khalkhali, the notorious "hanging judge," and call for "death to the Fedayin," the independent Marxist guerrilla organisation.

For the past six weeks, the left in Astra has been quiet, victims of a "cultural revolution" in the universities which spread into a widespread battering of anti-Khomeinin heads wherever they showed.

The transit trade and a little fishing are virtually the only economic activity in Astara and, *despite the present boom in* cross-border traffic, unemployment is high. Exactly how many are out of work is hard to say, as there are occasional casual jobs and summer work, farming up on the nearby Azerbaijan plateau. But there are plenty of bored young men hanging around with nothing to do.

These days, the customs' shed on the Iranian side of the small metal bridge which forms the actual crossing point from the Soviet Union is full. Many of the containers come from Eastern Europe, a few from the West, attracted by fewer border delays than in Julfa, the rail terminal further west, and Bazargan, the road entry from Turkey.

Official information on imports is unforthcoming. "You must refer to Tehran. I can tell you nothing," the customs' chief said in the nearby port of Bandar Enzeli. But drums of cables and sacks of chemicals are clearly visible as current imports from the friendly Union of Soviet Socialist Republics.

From the fears in the Western Press that the Soviet Union is rushing to fill the gap left by the U.S.-led boycott on trade *with Iran, Astara should be* bursting at the seams; a scene of feverish activity. Far from it. On a typical weekday in June it looked distinctly somnolent.

There is a steady stream of trucks emerging from the compound and there are reports that vehicles are being diverted here from Julfa, but traffic along the pot-holed coastal road to Rasht and on to Tehran is light, while numerous idle traction cabs for the trailers are parked by the seaside.

For all that this border has been as quiet as the grave since the mid-1950s, when the former Shah restored good relations with Moscow, local officials are distinctly jittery. Whether journalists are unwelcome or there are political feuds being waged under the surface or simply because of the proximity of the Soviet Union, we were arrested.

"We have received secret instructions from Tehran to stop and question all foreigners," Mayor Jamshid said by way of explanation. "If you were really journalists you would be attending to more important matters like the parliament in Tehran." In the end the confiscation of our film satisfied local honour.

If it took your fancy to slip across the border, it would seem childishly simple. On the Iranian side, the gendarmerie posts spaced out at intervals are no real obstacle and local intelligence has it that the Soviet patrols across the river take an after-lunch siesta every day. The only visible barrier is a puny barbed-wire fence amidst the trees. "But you should see the second fence, and the third," said one Iranian used to foraging for wood on the other side, with a smile.

Tehran braced for anti-Shah demonstrations today

BY OUR TEHRAN CORRESPONDENT

IRAN'S universities closed down yesterday for an indefinite period on the eve of today's anniversary of the 1963 uprising against the Shah.

Massive demonstrations throughout the country have been called for today by the *Islamic leadership*, and *fears are* running high that extreme Right-wingers will use the occasion to launch another purge of their ideological opponents in the universities and government ministries.

Ayatollah Khomeini, Iran's leader, yesterday urged delegates attending an international conference on the U.S.'s former role in Iran to tell the world what happened on June 5, 1963, when hundreds of demonstrators were killed by the Shah's forces. The date is treated here as the start of the Moslem clergy's struggle against *the former U.S.-backed regime.*

Speaking to the delegates, who include a 10-man group from the U.S. led by the former Attorney-General, Mr Ramsey Clark, the Iranian leader complained about Iran's *image* abroad "as a forest in which wild people are killing each other."

"The world cannot hear our voice," he said in a speech which had an uncharacteristically plaintive, almost appealing, manner. But he went on to renew Irans defiance of economic sanctions, saying: "We don't need relations with countries *which are going to steal our* goods."

In advance of today's demonstrations President Abolhassan Bani-Sadr has issued a number of warnings of the dangers resulting from the strong-arm tactics of the Right, in particular the "stick-wielders". of the Tehran mob.

"Those who use sticks can see they haven't anything other than increasing the number of opposition groups," he wrote in his newspaper, Islamic Republic. This was an apparent reference to the bloody clashes on university campuses six weeks *ago when the left-wingers were* last attacked.

Fears of clashes today have led the Mujaheddin-e-Khalq, the strong radical Moslem organisation, and the pro-Moscow Tudeh Party to tell their supporters to stay away from the demonstrations and rallies.

There has been no word yet on the intentions of the Marxist Fedayin-e-Khalq, which may turn out because the occasion is also being treated as an anti-imperialist event of considerable importance.

Government officials have made it clear that Iran's centres of higher education—the stronghold of the Left—are unlikely to reopen for the new academic year in the autumn and may stay closed for up to two years while they are "purged" and "cleansed."

AMERICAN NEWS

New York aims for loan guarantees of $900m

BY IAN HARGREAVES IN NEW YORK

NEW YORK CITY, still not out of the woods from its 1975 financial crisis, is to try to secure access to a further round of Federal Government loan guarantees.

The approach, as before, is being made through the Municipal Assistance Corporation (MAC) the organisation formed during the fiscal crisis five years ago to raise money from the credit markets.

MAC's latest plan is to persuade the Government to authorise the release of $900m of guarantees, originally intended to provide an emergency standby resource for the city when the Government authorised a $1.65bn rescue programme in 1978.

MAC, undoubtedly with the support of the New York Administration of Mayor Edward Koch, seems to have calculated that now is the right political moment to wring from a vote-seeking President Carter and Congress a commitment to release the $900m.

MAC's plan is to use the guarantees as the cornerstone for a $4.5bn long-term financing package to carry the city through to 1984. Bond sales would start in fiscal year 1981.

Earlier this week, in a speech, Mayor Koch noted without comment that observers were predicting he would not succeed in his objective of balancing the city budget in 1981.

He blames inflation for the pressures on the city targets. Increased spending requirements imposed on New York by federally mandated programmes, such as medical welfare and special education, have also strained New York's finances.

Other factors within the city's control, however, are probably even more stringent, notably the present negotiations between the city and the bulk of its hourly-paid employees.

A strike deadline is looming at the end of the month as contracts expire with almost 250,000 municipal employees, including the police.

Mayor Koch has continued to talk tough about what the city can and cannot afford and to remind the unions that New Yorkers in general and New York business in particular bore without much complaint a two-week strike by public transport workers earlier this year.

The Mayor, a Democrat, who supported President Carter for the Presidential nomination, is also trying to make a deal with the Republicans. On Friday, he will testify before the Republican election platform committee. He has previously said he may try to run for a second term as mayor on a joint Republican-Democrat ticket.

Citibank loses Master Card fees battle

By David Lascelles in New York

CITIBANK, New York's largest bank, has lost a two-year legal battle over its handling of credit card charges, and has been ordered by the New York State Supreme Court to refund customers more than $1m.

The exact sum involved has yet to be determined. But Citibank acknowledged that it could be $1.5m plus interest and legal costs.

The case, which touched on many of the problems of retail banking in the U.S., arose out of Citibank's decision in 1976 to charge a 50 cent fee to customers who paid their Master Card accounts on time. Master is comparable to Access or Eurocard in Europe, in that it allows for instalment repayment of outstanding balances.

Citibank introduced the charge because it said prompt payers were being subsidised by cardholders who chose to delay payments and incur interest charges. It also claimed that the regulations permitted the charge.

A number of cardholders sued Citibank over the fee, and finally won on Tuesday, when the Supreme Court upheld a lower court's ruling that fees may only be charged on outstanding indebtedness after the initial repayment period has expired.

California voters reject new cut in state taxes

BY OUR U.S. EDITOR

THE CALIFORNIAN juggernaught known as the "taxpayers' revolt" seems in need of a new engine and driver following the resounding defeat on Tuesday of a proposal to cut state income taxes in half.

Proposition Nine was voted down by a 62 to 38 per cent margin. It was the idea of Mr. Howard Jarvis, the crusty septuagenarian who wants to cut government down to size and who was the co-author two years ago of the successful and celebrated Proposition 13, which cut property taxes deeply.

In typical irascible form after the results, Mr. Jarvis blamed public employees' associations for engineering the defeat, and promised to announce another initiative next week, which may seekto reduce state civil service pensions or the local sales tax.

Governor Jerry Brown, a late convert to Proposition 13, but an opponent of Proposition Nine, suggested that Mr. Jarvis's own abrasive style had contributed to his downfall. He argued that California voters had also realised that there were limits to the extent that government's capabilities should be impaired, especially in tight economic circumstances. The measure would have cost the Californian government $4.9bn in revenues, more than 20 per cent of its annual budget.

In two other significant votes, the state rejected by 56 to 44 per cent a proposal to levy a 10 perc ent surtax on oil company profits in order to help finance mass transport and research into alternative energy sources. The oil industry contributed nearly $6m to defeat the initiative,

Mr. Howard Jarvis

Voters overwhelmingly rejected by nearly two to one a proposition, equally heavily financed by landlords, designed to make rent control very hard to enact.

In the coastal town of Santa Cruz, the Lockheed Aircraft Corporation was able to breathe more easily following the defeat of a local initiative which would haev prevented it from building parts for the Trident nuclear missile.

Chrysler delays plan to close large car plant

By Our New York Staff

HOPES THAT a market for large cars will re-emerge once the current U.S. recession is over have decided Chrysler Corporation to keep open its Lynch Road assembly plant in Detroit for at least a few months longer than planned.

The deal has been heavily influenced by local politics, but the decision also allows Chrysler to kep open longer its options on sales of its larger cars, production of which it intends to phase out completely by 1984.

In a separate development, General Motors has set back for one year the date from which it will fit air-bag safety systems on some of its cars.

The decision could mean that the air bag, a system whereby emergency braking inflates a large cushion to protect front seat passengers from the windscreen and steering column, may never enter commercial production.

Brazil accepts Russians' oil search offer

BY DIANA SMITH IN BRASILIA

THE BRAZILIAN Government has accepted the Soviet Union's offer to provide help in searching for oil in Brazilian territory.

The Brazilian Foreign Ministry says that the offer, only disclosed this week, was made last October by Mr. Aleksei Manjulo, Soviet Vice-Minister for Trade. The Soviet Union is known to have proposed sending a team of geologists here to survey oil potential.

Hammered by continually-rising OPEC prices, Brazil has intensified its quest for domestic oil in the last five years.

The results have not been too encouraging. Onshore and offshore wells now produce 200,000 barrels a day, while consumption needs are more than 1m b/d.

Development of the one potentially-rich offshore basin, Campos, off the Rio de Janeiro coast, has been fraught with serious technical troubles.

Meanwhile, there is confusion between the Ministry of Mines and Energy, responsible for overall handling of oil, and the Planning Ministry, responsible for economic decisions, on the question of oil imports.

The Government is resolved gradually to cut oil imports by 40 per cent, to compel industry to use alternative fuels and private motorists to limit use of cars.

Sr. Antonio Delfim Netto, Planning Minister, however, categorically denies this, stating that it would be "folly, driving the country into recession."

WORLD TRADE NEWS

Toyota Sales unwilling to handle foreign cars

By Charles Smith, Far East Editor

TOYOTA MOTOR SALES, the sales arm of the Toyota group, is not willing to make its Japanese distribution network available to a foreign car manufacturer, despite its belief that using the "proven network" of a Japanese car maker represents the best means of entry for a foreign company to the market.

Mr. Seisi Kato, chairman of Toyota Motor Sales, said yesterday there was "no room" for Toyota to handle cars produced by other companies because the range of its products was too wide.

The situation was, apparently, different five years ago, when Toyota considered, but turned down a proposal by British Leyland for the distribution of BLMC cars in Japan.

Mr. Kato said that the BLMC proposal was declined because of emission control problems on the British cars. Toyota offered to help BLMC solve these, but the British company eventually formed a joint venture with Mitsui for marketing its cars in Japan.

Mr. Kato suggested using the sales network of a Japanese car manufacturer, among a long list of "do's and don'ts" for would-be foreign car exporters to Japan.

Apart from his advice on marketing methods the Toyota chairman said that small cars with engine sizes of between one and two litres were the most suited to the Japanese market and that foreign manufacturers should "remember to put the steering wheel on the right side." He also advised foreign manufacturers to make adjustments for Japanese tastes in their factories rather than adapting their cars after shipment to Japan.

Mr. Kato said he did not think the small share of foreign cars in the Japanese market (2 per cent) was due to "unfairness" on the part of Japan.

● Mitsubishi Motors will export 1,510 vans to China in what the Japanese car maker said was the largest order it has received from the neighbouring country, AP-DJ adds from Tokyo.

Under the Y2bn (£3.8m) order, Mitsubishi will make the shipments between this month and next.

The company said the vehicles will be used to transport plant workers and farm produce in Guangdong Province.

Although Mitsubishi has occasionally exported cars and trucks to China, this is the first time that the company has received an order for such a large number of vehicles.

Japan appeal on truck duty

By Ian Hargreaves in New York

TOYOTA MOTORS yesterday appealed against the U.S. Government's proposal to close a duty loophole, which would have the effect of increasing from 4 to 25 per cent the duty Japanese merchants pay on imports of light trucks to the U.S. Mr. Seiso Kato, Toyota's head of sales, said that a figure of 6 to 8 per cent would be more reasonable.

Mixed response to 'Buy British' plea

BY JAMES McDONALD

THE APPEAL to the community to buy British products by Sir Michael Edwardes, chairman of BL, has had a mixed response from business leaders, judging from the results of an inquiry by The Director among the chairmen and managing directors of a number of leading companies.

In its latest issue, published today, the magazine — the journal of the Institute of Directors — says that, out of 49 businessmen questioned, 32 supported Sir Michael's appeal, 12 were against it and five were unsure.

The measure of support by several directors, however, was qualified. "All British directors should insist that their companies buy British. At the same time, the car makers too should buy British. They also must understand that their products must be the best in both quality and service," wrote Mr. P. Gregory King (Mackenzie King Holdings).

This last sentence introduced a theme that ran through all the answers, whether in favour or not or Sir Michael's appeal. "I believe that we should give the British car industry a chance to build up, once again, a reputation for being able to deliver the goods"—Mr. F. J. Moorfoot (Kodak). "It is our company's policy to buy British cars," said Mr. E. T. Gartside (Shiloh Spinners), "but British car manufacturers need to improve their standards from the point of view of design, service and reliability, if they are to retain their captive share of the company car market."

Mr. J. M. Raisman (Shell UK) said "British companies should as far as possible buy British. Mine does exclusively." But, he added, "individuals should retain their freedom to make their own choice."

Among the antagonists, Mr. A. A. S. Rae (Ciba-Geigy in the UK) said: "To urge all sectors of the community to buy British cars is of limited benefit and has the effect of restricting freedom of choice, an essential element in any market economy. Encouraging a policy of 'buy British' at home may reduce the demand in the UK for vehicles made abroad, but it will also encourage overseas manufacturers to adopt a protectionist policy in their own home markets, thereby affecting UK exports."

The same panel, asked whether the home market generally should be protected by import controls, came down mainly against the idea, but by no large majority: 25 for rejection; 20 in favour; and four abstaining.

General feeling seemed to be that controls were only justifiable in extreme circumstances, although many directors expressed anger at the unfair practices used by some of Britain's overseas trading partners. There was a reluctance to court retaliation and alienate custom by an over-reliance on trade barriers.

Asked where was the biggest overseas threat to British industry in the 1980s, Germany and Japan were cited, but so also were the "new Japans" of the Far East: Korea, Taiwan, China, Singapore and Hong Kong.

Mr. John Buckley (Davy Corporation) took the question in a wider context. "The greatest threat is from an exchange rate geared to North Sea oil. The "petro-£" is not a true value of our exchange rate. We need a petro-£ for imports and a petrified pound for exports."

Ford settles dispute with Spain

BY ROBERT GRAHAM IN MADRID

FORD has reached agreement with the Ministry of Commerce on a dispute over imports of a range of its models. The dispute led to the paralysing of all Ford imports into Spain for almost three months.

Ford began importing its Granada and Taunus models last year following the liberalisation of legislation, specially applicable to companies already producing in Spain.

The aim of the legislation was to facilitate the rationalisation of production in Spain, permitting companies to lessen their model range in the knowledge that non-Spanish-produced models could be imported. Ford was the first to take advantage of this, leading to complaints by other manufacturers that its Granada and Taunus models were being sold at below cost.

On March 13 the Ministry of Commerce unilaterally decided to suspend an existing import agreement with Ford. The new agreement involves Ford accepting a self-imposed limit of 12,500 imported models sold on the Spanish market this year—equivalent to 2.5 per cent of the total market.

The agreement also involves a 15 per cent increase in the base price. However, the agreement still leaves the status of the original liberalisation decree unclear. The Ford affair implies that the Government is unable to accept the full consequences of its legislation and is operating through "gentlemen's agreements."

Isuzu to sell engines in U.S.

LOS ANGELES — American Isuzu Motors will be formed in California on June 11 to market a Japanese line of diesel-powered cars and trucks in the U.S.

The new car marketing company being created "to meet a growing U.S. need for more fuel-efficient, diesel-powered vehicles will be a joint venture between Isuzu Motors of Tokyo and C. Itoh, a Japanese trading company.

Mr. Yukio Itagaki, who will be president of American Isuzu, said the company intends to build vehicles with an "optimum number of American-made parts. . . . Initially we will incorporate U.S.-made catalytic converters, automatic transmissions batteries and many other accessories."

The new corporation is to be 80 per cent owned by Isuzu Motors and 20 per cent by C. Itoh. Start-up capitalisation will be about $10m.

"Initial marketing plans are to establish a limited distribution network linked with our production schedule," he said. "First delivery of vehicles is not expected until mid-1981 or perhaps earlier."

Isuzu has manufactured the Chevy Luv for General Motors since 1971. It is also importing some Chevrolet models, including the Chevette, to Japan for sale by its Japanese dealer network.

AP-DJ

U.S. textile deficit at $839.6m

WASHINGTON—U.S. imports of textiles and clothing exceeded exports by $839.6m (£364.4m) in the first quarter this year, the Commerce Department reported yesterday.

The deficit was larger than the $693.4m deficit of the final quarter of 1979, but was down slightly from the $841.2m in red ink in the first three months of 1979, the report showed.

The total textile and apparel trade deficit last year was $3.4bn.

Imports of $1.89bn in the first quarter this year were 6.7 per cent higher than the $1.77bn int he final quarter of 1979, the data showed.

Exports, meanwhile, fell 2.5 per cent from $1.07bn in the final quarter of 1979 to $1.05bn in the first quarter this year.

Still, first-quarter exports were 24 per cent ahead of the pace in the first quarter of 1979, while imports were up 12 per cent.

"The major foreign markets for U.S. textile mill products are the European Economic Community, Canada and Australia," the report said. Overseas markets for apparel were more fragmented, it said, with the largest purchasers being the Common Market, Japan and Canada.

AP

Washington Bill would help business recover export role

BY IAN HARGREAVES IN NEW YORK

THE U.S. Export-Import Bank last week extended loans totalling $265.6m to Canada, Tunisia, Mexico, Mozambique and Israel.

All a normal week's work for the Government-funded bank which is charged with helping U.S. exporters of capital equipment supply credit to their customers. The deals were noteworthy only because they could well be among the last for several months.

The reason is that the Ex-Im Bank is about to run out of money. With its budget frozen by a cost-conscious Congress at last year's level of $5.1bn, the bank is now down to its last $120m, with four months to the end of the fiscal year.

The chaos is just one of the problems which a bill introduced to Congress last week—a bill which has been gestating in the minds of its backers for many months—is designed to overcome in future years.

The National Export Bill, which has at least nominal support from the majority of senators in both parties, is an attempt to create the legislative framework to enable the U.S. to turn around its dismal record in exporting in the last 20 years—a period which has seen the U.S. share of the free world export market drop from more than 20 per cent to 14 per cent.

The Bill is an omnibus affair which seeks to slay a number of hoary dragons, such as the internal revenue laws which require Americans to pay American taxes no matter where they live, as well as attempting to do the groundwork for the formation of Japanese style trading companies, to overhaul the anti-trust laws and clean up the mess surrounding the world of export finance, the mess in which Exim bank is currently well stuck.

The plan for the Exim bank proposes that the bank be given carte blanche for a period in matching the credit terms offered by other State export banks with the intention of so scaring the competition that weary trade Ministers will hasten to a summit and agree to a treaty of binding self-restraint on soft credit auctions.

On anti-trust laws, the idea is to set in stone the degree of immunity which U.S. businessmen are already generally supposed to have from anti-trust prosecution in their collaborative export efforts under existing law. At present, so few are confident of their immunity in a litigation-strewn field that they prefer not to test the ground.

There would be a commission to work out the detailed solutions on anti-trust, and one hoped-for spin-off would be that for the first time, businessmen would really feel they were safe to form trading companies without violation of the anti-monopoly laws.

Another section of the bill seeks ot reduce the bureaucratic clutter facing American exporters and to establish a system to reassure executives that they will not, on their return home from winning a contract, find themselves in trouble under the Foreign Corrupt Practices Act.

The one thing the Bill does not say too much about is money. Indeed, the Bill's supporters are proud of the point that the whole revivalist package can be taken on to the statute books with a requirement for less than $1bn from the national budget.

UK imports from Israel exceed sales

By Maurice Samuelson

IMPORTS from Israel have for the first time exceeded British sales there, upsetting the normal balance of trade between the two countries.

According to the Israel Embassy in London, Israeli imports in Britain in the first quarter of this year rose 18 per cent to £97.7m, while British exports to the Jewish State were worth £85m, the same level as in the corresponding period last year.

Usually, the trade balance is heavily in Britain's favour, although the gap has been narrowing in recent years. In the financial year 1979-80, British exports to Israel were worth £270.7m, with trade in the opposite direction running at £227.6m.

Israel is now the third largest market for British goods in the Middle East after Saudi Arabia and Dubai. According to Israeli officials, British investment in Israeli hotels is also growing.

Jurek Martin, U.S. Editor, reports from San Francisco on the fortunes of the candidates as the primary season ends

Reagan gains ground as Democrats fight to the death

President Carter, with his wife Rosalynn, acknowledges the cheers of his supporters, as he gains enough votes for the Democratic nomination. But he will still be dogged all the way to the Convention by Senator Edward Kennedy.

THE STORY is not new. A well-known senator, miles behind in the delegate race, stages a tough late race against the front-runner for the Democratic Party's Presidential nomination.

He accuses his opponent of being unfaithful to the Party's traditions. He makes up ground in the final primaries, but is still on the short end, and decides to challenge the rules of the game so as to change the mathematics of the party convention. He fails, but splits the party and contributes to the ultimate defeat of the nominee in the general election.

Four years later, he contemplates running for the Presidency again, and discovers that his pitch has been irrevocably queered by this performance.

What President Carter's advisors now want is that Senator Edward Kennedy should contemplate the memory of Mr. Hubert Humphrey. Comparisons between 1972 and 1980 can be overdrawn—the Senator won California and New Jersey, which Mr. Humphrey did not, while the eventual Democratic nominee, Mr. George McGovern, was always a more likely final loser against President Nixon in 1972 than Mr. Carter is today against Mr. Ronald Reagan. But the message is the same; united the majority Democratic Party can win, divided it is certain to fail.

This morning, with the primary season proper at last over, Senator Kennedy has reason to believe his own rhetorical arguments that Mr. Carter, whom he has called "a clone (genetic copy) of Reagan," cannot provide that union.

He has beaten the President more often than he has lost in precisely those big states which will determine the outcome in November; he has, at long last, started to put together the classic Democratic coalition of the working class, the poor, the young, Jews, minorities and the better educated; and he has done so by pounding away at the President's economic policy record and by criticising his refusal to leave the White House and campaign.

But, seductive though this may sound, reality also must point out that, over three dozen primaries, Mr. Kennedy lost far more often than he won, even against an opponent who—artful though the Rose Garden strategy may briefly have been—was hurt by seclusion in the White House. Mr. Kennedy never dispelled public doubts about his own character, nor has he demonstrated that a liberal Democrat could win the Presidency in 1980 any more than a conservative Repulican could in 1964, the year of the Goldwater debacle.

The Senator knows, too, that no matter what enticement or legal challenge he comes up with, the chances of winkling away from the President between 300 and 400 committed delegates are vanishingly slim. It might even seem demeaning for a man who, only last winter, seemed on the verge of recapturing his imperial heritage, to be reduced to such horse-trading to retain the legitimacy of his claim to the throne.

After lively interest in the initial primaries, voter turnout has declined alarmingly as the outcome became more obvious and as the whole protracted primary process lost the attention of the nation.

Mr. Reagan naturally must view this with some equanimity. Republicans appear to be uniting behind him, even if only, in the case of the moderates, because they want to ameliorate his staunch conservatism. In the last four Presidential elections, the split party has lost. Moreover, Democratic disagreements help legitimise the independent candidacy of Mr. John Anderson who, perhaps illusorily, is currently showing more strength than ever Mr. George Wallace did at this stage of the game in 1968, especially on the east and west coasts.

Mr. Reagan thus has six weeks free and clear before the party convention in July to appear as an oasis of stability and certainty, plotting the autumn campaign and choosing a running mate, while the Democratic drama is played out.

Meanwhile, the Carter Administration is caught in the trap of having to spew out depressing economic statistics in the months ahead, giving Mr. Reagan a free platform for criticism and making all the more difficult a bridging of the differences between Mr. Carter and Mr. Kennedy.

Yet the primaries have also demonstrated that Mr. Reagan is not a flawless, seamless opponent. In the last analysis the best Democratic chance of beating him lies in persuading the American public, particularly the Democrats, independents, and moderates from both parties, who still comprise the majority, that the Reagan alternative is simply too dangerous to contemplate. In important primary states like Texas, Pennsylvania and, above all, Michigan, Mr. George Bush, never a strong candidate, demonstrated that there were enough reservations about Mr. Reagan to give the Democrats plenty of hope.

Certainly, in his moment of victory on Tuesday night in Los Angeles, Mr. Reagan gave few hints of moving towards the central ground of the national, as opposed to party, political stage. He said, for example, that he detected a national consensus behind what he called "family, neighbourhood, work, peace and freedom"—all code words, in many eyes, for doctrinaire Right-wing policies.

Asked if he could take Senator Howard Baker from Tennessee, the favourite choice of Republican moderates, as his running mate, he recalled that the Senator had supported the Panama Canal Treaties and that it would be important to ascertain if he had changed his mind.

Mr. Reagan has shown during the primaries an intermittently alarming ignorance of current events and a propensity for misstatement, all, without doubt, duly noted down in the notebook of Democratic strategists to use later in the year.

What is also apparent from the primary season is the extent to which the 1980 presidential election is at the mercy of external events, particularly on the foreign front, with no likelihood of an early resolution on the hostage crisis in Tehran. Mr. Carter has shown some adeptness, as any President should, in turning exigencies to his domestic advantage, though the American public may also be getting a little weary of the number of exigencies Mr. Carter seems to confront.

If the Presidential election were held today, Mr. Reagan would undoubtedly be favoured to win, though not by much and with the real possibility that a strong showing by Mr. Anderson could throw the outcome into the House of Representatives. But, as is invariably the case, there is a world of difference between primaries and the November election. The great unknown this year remains the capacity of the Democratic Party to swallow its deep differences.

This ought to be possible, given the elasticity of which the party platform drawn up at the convention in August is capable. But pride and ambition militate in another direction. Which is why Senator Kennedy, whose chances of winning the nomination remain remote, but whose longer term presidential credentials may have been enhanced by the determination he has shown in the face of adversity over the last six months, cannot but sooner or later dwell on what happened to Mr. Hubert Humphrey in 1972—and again in 1976.

Genetics venture interests Americans

By David Fishlock, Science Editor

A MAJOR U.S. laboratory may join British scientists in a venture soon to be launched by the National Enterprise Board, to exploit the commercial possibilities of genetic engineering.

Discussions between the NEB and the Medical Research Council have envisaged a broad venture rather than one aimed at exploiting a single technique or product.

Three major research centres, each associated with Nobel Prize-winning scientists, are involved: the MRC's Laboratory of Molecular Biology in Cambridge; the laboratories of the Imperial Cancer Research Fund, a charitable trust, in London; and Cold Spring Harbor Laboratory near New York.

The biotechnology company—to be based in Cambridge—will include scientists and professional managers in a pattern already proven as the basis for research based companies in the U.S.

It will have its own laboratories and production facilities for the manufacture of small quantities of drugs such as monoclonal antibodies, required to diagonse and possibly to treat diseases.

The two British laboratories have made different kinds of these drugs, but are being embarrassed by the demand from other medical researchers. Neither laboratory is free under its charter to make and sell materials for profit.

A report to the Government from senior scientific advisers last month suggested such a project should be backed by an initial investment of about £2m.

Store chemicals separately, says fire report

By Lisa Wood

CHEMICAL STORAGE depots should segregate chemicals, says a report published yesterday by the Health and Safety Executive.

The report dealt with the fire and explosions in January at a chemical depot operated by Womersley Boome Chemicals.

The executive urges discussions with the chemical industry on the advice manufacturers should give about segregating

The fire, which resulted in damage estimated at £200,000, was probably caused by an electric radiator setting drying clothing alight. The report says three subsequent explosions were probably caused by a liquefied petroleum gas cylinder rupturing in the heat and the thermal decomposition of sodium chlorate.

Bernard Coral quits company's board before licences case

BY ANDREW FISHER

MR. BERNARD CORAL, former head of Coral Leisure Group's casino division, has resigned from the company's main board. Court hearings on its gaming licences are pending.

Both the police and the Gaming Board object to renewal of the licences, following police raids in November on Coral's four London clubs.

Altogether 29 employees and ex-employees have been charged with offences. They include Mr. Coral, who later resigned from his executive positions in the group.

Mr. Coral, the brother of Mr. Nicholas Coral, the company chairman, has been charged under the Theft and Gaming Acts and with conspiring to pervert the course of justice. He has denied these charges.

"I felt it would be absolutely in the company's interests to resign from the parent board," he said last night.

He and the others are due to appear at Marlborough Street Magistrate's Court on June 12. There is likely to be a further remand to a later date.

This will mean that the charges against Mr. Coral and the 28 others will not be heard until after the court hearings on Coral Leisure's licences, which start in July for the London clubs.

Coral Leisure and its lawyers are studying more than 2,000 pages of police evidence on the objections to the licences. "I am open at Page 1,053," said Mr. Coral.

Last year about a third of Coral's trading profits came from casinos. To cut its high borrowings in face of possible loss of the licences it is negotiating to sell control of its hotel interests, worth more than £40m, to an international hotel group.

Law Lords today decide on Granada's BSC 'leak'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

GRANADA TELEVISION will ask the House of Lords today for leave to appeal against the ruling that it must name the British Steel Corporation employee who leaked confidential documents of the Corporation. BSC will oppose the application.

If Granada is successful, its appeal will be expedited and heard some time next month. Normally, several months elapse between leave being granted and an appeal being heard.

Four judges have so far ruled that Granada must name the source of the documents, which formed the basis of a "World in Action" television programme about British Steel on February 4.

The original ruling by Sir Robert Megarry, the Vice-Chancellor, that Granada had no legal right to protect its informant was upheld by Lord Denning and two other Appeal Court judges last month.

In judgments that were widely criticised in the Press, the Appeal Court said that Granada had behaved irresponsibly and so forfeited the normal right of the media for protection of its sources.

The Appeal Court ordered Granada to name its informant but suspended the order pending a decision by the House of Lords.

Discrimination complaint to EEC by steel users

BY ALAN PIKE

BRITISH STEEL consumers have renewed pressure on the EEC Commission to end what they regard as discrimination over steel price measures.

The British Iron and Steel Consumers' Council is awaiting a response from Viscount Davignon, the Industry Commissioner, to an appeal for action to overcome problems arising from the appreciation of sterling against the European Currency Unit.

Mandatory minimum prices for hot-rolled coil are, says the council, at least 9 per cent higher than in other Community countries, stemming from the fact that sterling was at an untypically low point when the steel price measures were renewed in November.

Sir Richard Marsh, chairman of the council, has told Viscount Davignon that the problem is greatly weakening the competitive position and ability to provide employment of British steel consuming industries. It would like to see immediate adjustments to reflect the current parity of sterling.

British steel consumers argue that the problem is giving EEC competitors advantageous access to the growing steel markets of countries like South Africa, South Korea and Brazil, where bilateral agreements do not exist.

Highlands project wins aid pledge

BY JAMES McDONALD

The Government will do "all it can" to find an alternative wood-using project for the Lochaber area in the Highlands, following the Wiggins Teape decision to close its Corpach pulp mill.

Mr. George Younger, Secretary of State for Scotland, said in London yesterday that the Government was prepared to make money available.

The amount "was not a bar to any project proceeding," he assured a delegation from the Highland Regional Council, Lochaber District Council, the workforce and unions in the area, as well as the Highlands and Islands Development Board.

But there had not been any concrete proposal for a project. He could not undertake to subsidise any operating losses of the company at Corpach when no project was in sight.

After the meeting Mr. Younger said he shared the very deep concern about the closure at Corpach and what it will mean to the area.

Earlier in the year it had looked as if Consolidated Bathhurst of Canada would launch a project and the Government had available a substantial package of assistance as an incentive.

"It was extremely disappointing when they decided that even with this assistance they did not believe the project would be commercially sound.

"Since then we have been following up other wood-using contacts, not only in the UK but also abroad.

"I am also arranging further contacts with Wiggins Teape to clarify a number of points which came out of this morning's meeting.

"My priority is to get another wood-using project into the area."

The delegation told him that the pulp mill closure would mean the direct loss of 450 jobs. The area would also suffer from the loss of 150 jobs at British Aluminium at Fort William, bringing the total to 30 per cent of manufacturing sector employment.

Sir John Methven

THE LATE Sir John Methven, director-general of the Confederation of British Industry, was described yesterday as "a man of quality, a man of greatness" during a service of thanksgiving for his life and work in Westminster Abbey.

Delivering the address at a service attended by 1,500 people, including senior members of the Government and ambassadors, Sir John Greenborough, CBI deputy president, said Sir John was "in the prime of his life and in the full flow of his dedication and commitment to the well being of the country" when he died.

"He possessed an infectious enthusiasm, and much of industry rallied to his call. He was a giant in the business world—an inspiration as a leader."

The Prime Minister and Mrs. Shirley Williams, the former Labour Minister, read the two lessons.

Mrs. Thatcher had worked closely with Sir John since the last General Election, and Mrs. Williams appointed him in 1973 to his first public post as Director-General of the Office of Fair Trading.

One of the last jobs on which Sir John worked before his his death on April 23 was the move of the CBI headquarters to Centre Point.

The move takes place at the end of this month. Sir John Greenborough suggested in his address that the council chamber be named "the Methven Room."

Atlas of 1655 sells for £48,000 at Christie's

SALEROOM

BY ANTONY THORNCROFT

AT CHRISTIE'S yesterday a first complete edition of Blau's Atlas Major in 11 volumes, containing 594 hand-coloured maps and plates and published in Amsterdam in 1655 sold for £48,000. The same anonymous buyer gave £15,000 for five volumes of John Gould's The Birds of Europe, with 448 hand-coloured plates.

Voyages Pittoresque par les Lieux les plus interessants de la Suisse, by Keller and Fuseli, about 1825, went for £13,500. The auction totalled £275,970. In the glass sale Hubner, the German dealer, acquired a north Bohemian tumbler signed by Hieronymus Hackel for £8,500 and a Jacobite glass of about 1745 for £8,000.

At Harmer's a used stamp of India, issued in 1854 with the head of Queen Victoria printed upside down, sold for £11,000, five times the estimate, while Spinks achieved a world record, £10,000, for a sixpence. It was one of only four from the time of Oliver Cromwell. In 1848 the British Museum bought this specimen for £8.

Sotheby's completed yesterday the disposal of the autograph collection of Ray Rawlins, accepted as the best in existence.

The three days brought in £153,184. The highest price yesterday was £2,500 for an album of 37 signed photographs of Hollywood stars of 1928, including Chaplin, Coleman and Garbo.

A signed late portrait of Elvis Presley went for £300. A photograph of the Beatles drinking tea, signed by all four, realised £240. An autograph letter by Ruskin sold for £300 and one by Dickens the same sum.

Swale Press closes three newspapers

SWALE PRESS, the century-old Widnes publishing and printing firm, yesterday closed its weekly newspapers in Liverpool, Widnes and Runcorn.

More than 40 journalists and other staff employed by News of Merseyside received redundancy notices with effect from noon yesterday.

It follows the strike over pay and conditions by members of the National Graphical Association—settled nationally but not at Widnes. The continuing dispute led to the closure of the company's printing division. Management announced a cut in printing staff from 73 to 12 to continue publication. The printers refused to co-operate—holding out for full reinstatement.

Meanwhile, efforts are being made to save the shipping paper, the Journal of Commerce, printed at Widnes.

Ruling widens banks' disclosure liability

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE LIABILITY of banks to disclose confidential information about customers and their accounts in cases of suspected fraud was extended by a decision of the Court of Appeal yesterday.

The court ordered the Hatton Garden branch of Discount Bank (Overseas), a Swiss bank, to disclose to Bankers Trust Company, of New York, correspondence, cheques, debit vouchers, transfer documents and internal memoranda relating to the accounts of two men suspected of having forged cheques for $1m.

Lord Denning said an order of that breadth was justified to enable Bankers Trust to trace the money. The power to make such an order was an important part of the court's armoury.

Lord Denning said that on September 20 last year a Mr. Walter Shapira and a Mr. Max Frei presented two cheques, each for $500,000, to the Middle East section of Bankers Trust in New York. The cheques purported to have been drawn by the National Commercial Bank of Saudi Arabia and were payable to Mr. Shapira.

Bankers Trust honoured the cheques and, on the two men's instructions, credited $708,203 to their accounts with DBO in London.

The cheques were also honoured by the Saudi bank which, six months later, informed Bankers Trust that they were forgeries. Bankers Trust felt it was not free from blame and recredited the Saudi bank with the money.

Bankers Trust then started legal proceedings against Mr Shapira, Mr Frei and DBO. The proceedings had been served on DBO but not on Mr Shapira, who was in jail in Switzerland as a result of a police investigarion into suspected frauds, nor Mr Frei, who was believed to be in Leichtenstein.

Bankers Trust obtained a "Mareva" injunction to stop DBO disposing of money from the accounts, but failed in an application to Mr Justice Mustill in the Commercial Court for an order that DBO disclose information about the accounts. The judge had refused to grant such an order because Mr Shapira and Mr Frei had not been served with notice of the legal action against them.

"It seems to me," said Lord Denning, "that Mr. Justice Mustill was too hesitant."

DBO was under no personal liability. Through no fault of its own it was mixed up in the wrongful acts of Mr. Shapira and Mr. Frei and had a duty to assist Bankers Trust by disclosing full information.

DBO had taken a very proper attitude to the case, said Lord Denning. It had adopted a neutral posture but had felt it had a duty to put forward the matter of confidentiality.

"A bank's confidential relationship with its customers does not apply when it may be used by wrongdoers to steal through fraud or iniquity," said Lord Denning.

If the court were to wait until the two men were served weeks might elapse and the money be disposed of elsewhere.

Agreeing that the appeal should be allowed, Lord Justice Waller accepted that the disclosure sought went further than that which would be made under the Bankers Book Evidence Act, but said it was completely justified in such a case.

DBO was ordered to disclose the documents and allow Bankers Trust to make copies. The court said the information was to be used for the purposes of the particular legal action only.

Norwich Union joins small companies aid scheme

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A SECOND financial institution has linked up with the Department of Industry's small firms counselling service to provide equity for small businesses.

The Norwich Union Life Insurance Society will start work in the Department's North-West region before spreading to London and the South-East.

The first institution to become involved was the Post Office Staff Superannuation Fund, which combined with the counselling service last November for a pilot scheme in the Eastern region. The fund is now making its first investments in the area.

Norwich Union expects its investments to be mainly in the form of equity, and to average more than £30,000 each for expanding businesses.

The counselling service, which provides general help to small businesses in different parts of the country, will appraise investment possibilities and pass them on.

Norwich Union will then decide, on its own criteria, whether to go ahead. It is prepared to help finance purchase of property and capital equipment.

It is understood that during negotiations with the Industry Department Norwich Union insisted that it should be given the right to operate in London and the South-East as well as in the potentially less lucrative North-West.

Yesterday's announcement is a further sign that Sir Keith Joseph is achieving some success in persuading the private sector to increase its help for small businesses.

Three other financial institutions, the Legal and General, the National Coal Board pension fund and Barclays Bank, have recently set up joint ventures with the State-owned English Industrial Estates Corporation to build small factory premises for new businesses.

● Wilson Industrial Estates is to invest £500,000 in a joint project with Leicestershire County Council to build 14 nursery units ranging in size from 1,500 sq ft to 2,250 sq ft. They will be let at "favourable rates" to encourage businesses at Coalville, near Leicester.

ITV franchise fears calmed

BY ARTHUR SANDLES

CONCERN that the Independent Broadcasting Authority might replace one current commercial television contractor in order to maintain discipline was quietened by Sir Brian Young, IBA director general, yesterday.

Giving a Royal Society of Arts lecture in London, he said the IBA was being urged to "kill one company at least in order to encourage the others".

But, he said, "I do not think the authority should go about this business [the allocation of new contracts] with any predetermined feelings about the decisions it will make."

Sir Brian, apparently feeling sensitive about criticism of IBA intervention in programming, painted a picture of an ideal British balance between the uncontrolled television of the U.S. and the over-controlled broadcasting of Eastern Europe.

Although he was in favour of a periodic review of contracts Sir Brian said such reviews disturbed programme performance.

"The periodical reallocation of franchises, and the openness that now goes with them, are both right and good in terms of proper and responsible control of a public service. But a price has to be paid; and I have a feeling there may be a better blend of control and freedom at other times—when you don't have hanging over the system the equivalent of fearing a nuclear holocaust."

BBC plans less Olympic cover

THE BBC has decided to avoid peak evening viewing television coverage of the Moscow Olympics. In plans for a drastic cut-back of Olympic coverage which go to the BBC Governors for approval today, evening coverage will be limited to news bulletins.

The BBC and ITV have been reviewing their plans for the Olympics and it is likely that a joint view will be reached this week. Both the BBC board and the Independent Broadcasting Authority meet today to approve plans drawn up by senior staff and then Sir Michael Swann and Lady Plowden, BBC and IBA chairmen, will consult on areas of conflict.

Sir Michael suggested at the Broadcasting Press Guild in London yesterday that the final BBC plan might be a reduction from an originally planned 170 hours of coverage over three weeks to nearer 50. The maximum daily coverage would be four hours.

Jet overhaul plant completed

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH CALIDONIAN Airways' new £12m aero-engine overhaul facility at Prestwick Airport, Scotland, will be opened by the Duke of Edinburgh on July 3. The facility, called Caledonian Airmotive, has been set up as a European repair and overhaul establishment for both aero and industrial gas turbine engines, including particularly the General Electric CF6 series engines used in McDonnell Douglas DC-10 jet airliners and in Airbus Industrie's A-300 jets.

The company will initially be able to handle up to 150 complete CF6 refurbishments a year. Its capacity is expected to grow substantially in the 1980s, as air transport itself expands.

Part of the facility comprises a £2m sound-insulated engine cell, which can test engines at full thrust.

Singer to close Scottish plant

SINGER, the U.S. sewing machine manufacturer, has failed to find an industrial buyer for its Clydebank plant. It is to close at the end of this month with the loss of 3,000 jobs.

The Scottish Development Agency said yesterday it will buy the 86-acre site for £850,000.

Mr. Hugh Jack, the agency's industry director, said the price was fair in view of the work needed to transform the plant into an industrial estate. The agency was already negotiating with G. H. Barclay and Associates, an engineering company, which wanted to rent part of the works and intended to employ 200 people by 1982.

Pension fund returns flag

THE INVESTMENT performance of most small and medium private pension funds in the UK is failing to match rises in earnings, according to a survey by Cubie, Wood, the actuarial consultancy service company within the Hill Samuel Group.

The survey analysed the 1979 performance of 360 self-administered pension funds. Only four showed a return higher than the 19.8 per cent advance in earnings and only 12 beat or equalled the 17.8 per cent rise in prices.

Redifon transfer

REDIFON Telecommunications, a subsidiary of Rediffusion, is transferring its deep sea telecommunications business to an American marketing company, Electro-Nav International. It will have a licence to manufacture Redifon equipment in return for a royalty.

Loryy tax plea

THE FREIGHT Transport Association says downplating—setting lower maximum operating weights than vehicles can carry—must be allowed if proposed tax changes are to achieve their objectives of relating taxes to road costs.

Jobs hit

FORDHAM PLASTICS is cutting the workforce at its Wolverhampton sanitaryware plant by 615 because of the building industry slump. Jentique, the Norfolk furniture maker, is putting 350 workers on a three day week for the same reason.

Emergency link

AN EXPERIMENTAL emergency microwave telephone will be established between Alderney and the Isle of Wight to prevent a repetition of the four-day breakdown of communications in December when three submarine cables were broken.

Refugees accepted

NEARLY 2,000 refugees from South-East Asia were accepted for settlement in Britain in the first quarter of 1980, bringing the number of acceptances to about 19,000, 3,200 more than in the same period of 1979.

Prison plea

BRITONS sentenced abroad will be able to serve their sentences in UK prisons under a plan being considered by the Government. Foreigners sentenced in Britain will be similarly repatriated.

Cheaper holidays

INGHAMS, Britain's biggest winter sports operator, said some prices in the coming winter season were lower than last year. The average price rise aws well below UK inflation levels, particularly for Austria and Switzerland.

Medcalf dies

Mr. E. L. G. Bill Medcalf, chairman of F. W. Woolworth and Company between April 1969 and March 1973 has died.

Boardroom battles come into the open

The unsuccessful struggle for control of Courtaulds by ICI, and the behind-the-scenes tensions made headline news in 1971. Richard Lambert looks at a new account of the takeover bids.

FRESH INSIGHT into the epic—and unsuccessful—takeover bid by ICI for Courtaulds is included in a history of Courtaulds published today.

It shows that for many years before the bid was announced in December, 1961, tensions had been developing between the two groups, mainly over the development of their jointly-owned interest, British Nylon Spinners (BNS).

As early as 1952, a Courtaulds director had written that "the dual function of ICI as sole supplier and chief competitor of BNS is bound to result in future difficulties arising between ICI and Courtaulds."

During the 1950s British Nylon Spinners went from strength to strength. Its profits became of ever-increasing importance to Courtaulds, at a time when the rayon business—on which the group's strength had been built before the Second World War—had started to fall away.

Although Courtaulds had achieved one major success with the development of its acrylic fibre, Courtelle, it appears that by the early 1960s a number of Courtaulds directors were in a despairing mood about the future of Rayon and the group's poor overall profits performance.

At around the same time, ICI's directors had become convinced that synthetics had a very exciting future. The group had earlier missed the opportunity of producing their own acrylic fibre, and had experienced some difficulties with the launch of its "Terylene" product

With Courtaulds' board demoralised the idea began to grow on ICI of acquiring Courtelle and the other half of BNS by making an outright bid for Courtaulds.

In January, 1960, S. P. (later Sir Paul) Chambers became chairman of ICI.

At a social function in July, he suggested to Sir John Hanbury-Williams, who had been chairman of Courtaulds since 1946, that they should meet to talk about "matters of mutual interest."

Hanbury-Williams was then approaching retirement, and the book states that in the final years his reign over Courtaulds became "almost disastrous."

"The unmistakable downward slide of the company's profits from 1955 to 1959 left him dispirited, and especially about the prospects for rayon. . . . He did not much care for either of the rising stars (within Courtaulds' management) but Kearton (later Lord Kearton) he actively disliked. . . . Kearton, in turn, had little but a barely concealed contempt for Hanbury-Williams."

The two chairmen agreed to meet, and by September Chambers had produced a document arguing for a complete merger. Competition was growing between them in fibres, chemicals and raw material supplies.

Their research and development effort was overlapping and the scope for friction and discord was likely to grow rather than decline. Chambers talked of a one-for-one share exchange, but stressed that the matter had not been discussed by the ICI board.

Hanbury-Williams was in favour of the idea, and circulated a board paper to that effect. But a number of Courtaulds' directors were not so keen, and by the end of the year Hanbury-Williams had to tell Chambers that the Courtaulds board was opposed to a deal.

Chambers was not prepared to let the matter rest. Various ideas were put up in 1961: one possibility was the creation of a new company, "Chemicals and Courtaulds Ltd." which would have deleted the anachronistic "Imperial" from ICI's title. In the final quarter of 1961, Hanbury-Williams and Courtaulds' deputy chairman, Sir Alan Wilson (later to be chairman of Glaxo) had a long series of discussions with Chambers and another ICI director.

No one else was present at these meetings, "a matter of crucial importance to the history of this whole episode because much of the subsequent bitterness arose from conflicting views about what had been agreed on these occasions."

Meanwhile, on November 2, Courtaulds announced that its interim dividend was to be cut from 10d to 9d per £1 share. There is no indication that any significant heed was paid to the current talks with ICI in reaching this decision, but in retrospect the cut was obviously a mistake.

As the year ended, it became clear that only two or three Courtaulds directors would be welcomed on the new ICI Board if there was a successful bid, and that ICI was now contemplating a two-for-three share offer. The price became a central issue for the negotiators, and Chambers was pressing for a decision in time to make an announcement on January 1, 1962.

Not until December 15 did a special Board meeting of Courtaulds formally recognise the issue. The next day, Chambers said the support of Courtaulds was not essential to ICI's offer, and handed over an official note of ICI's offer—a three-for-four share swap.

Some Courtaulds directors had initially been waverers. There were others, including Kearton, who according to the book had no objection in principle to going in with ICI but who did not like the terms. By the end of December, opinion had hardened into an unanimous rejection of the deal.

ICI, of course, lost the day despite increasing its offer. The battle left a new guard in charge of Courtaulds, under the leadership of Kearton — a man whose ambition was "to force, batter, lure, cajole, or somehow to lead Courtaulds into a new and more profitable shape."

Courtaulds. An Economic and Social History by D. C. Coleman. Oxford University Press. £15.

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Attacks on Civil Service 'unfair'

By Robin Pauley

UNFAIR ATTACKS on the Civil Service are so frequent that they are affecting morale, especially in middle and junior grades, Sir Ian Bancroft, head of the home Civil Service, said yesterday.

"We do not mind fair criticism but we do feel under attack when our loyalty and public spirit is ignorantly doubted and when it is said that we pay lip service to the need for greater efficiency but secretly and selfishly resist it."

He was speaking at the conference of the Chartered Institute of Public Finance and Accountancy in Brighton.

Many accusations of waste and extravagance looked back to the era before the mid-1970s, when the Civil Service had to administer rising expenditure and an expanding range of services, he said.

Now, there was greater emphasis on reducing inessential activity and achieving maximum value for money. The new goal was to devise better ways of satisfying the public demand for Government services with declining resources.

The budgetary control job of civil servants was having a significant effect.

"The critical scrutiny of estimates and cash limits achieved, for example, a saving of about 5,000 jobs in 1980-81 estimates by Government departments compared with the public expenditure plans."

The number of civil servants was being reduced sharply. The highest number was 748,000 in April 1976, and the Government plans to have only 630,000 by the next general election, the lowest number since the end of the war.

Littlewoods stores cutting prices of many goods

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

LITTLEWOODS stores group yesterday announced a £10m package of price cuts in a new High Street prices challenge.

The Littlewoods move reflects growing concern among retailers that the level of consumer spending in the shops—which has remained more buoyant than expected in the first few months of the year—has at last begun to fall.

Mr. Philip Carter, Littlewoods' managing director, said yesterday: "It is no secret that the present level of sales on the High Street is causing concern to both retailers and manufacturers and we feel that the time has come for us to take positive action."

The Littlewoods price cuts will concentrate on clothing and foods and will be partly financed by the company's suppliers. This is similar to the £11m package of price cuts announced last September by Marks and Spencer, also partly aided by its major suppliers.

At that time, Littlewoods and the other major High Street multiple stores did not respond directly to the M and S move, since it was felt that their prices were already more competitive than those of M and S. Although pre-Christmas spending was below normal, sales in the early part of 1980 have held up well.

This was mainly due to the high level of wage settlements which have kept earnings ahead of price rises. This has proved of particular benefit to consumers who do not have large mortgages or bank loans and who have found, therefore, that their disposable income has not been reduced by high interest rates.

It has also meant that stores with a more down-market customer profile — such as Littlewoods — have benefited more from the buoyant level of consumer spending than outlets such as department stores which traditionally attract middle class customers.

So Littlewood's move suggests that shop sales are beginning to be badly affected by the squeeze on living standards.

This tendency is confirmed by the latest retail review from stockbrokers Phillips and Drew, published yesterday, which says "there have been growing signs in recent weeks of a fall in retail sales volume."

Phillips and Drew expects this decline to continue "with real demand falling by about a percentage point in both 1980 and 1981."

The brokers also point out that with increased pressure on retailers' costs, "net margins are likely to fall sharply, restricting the growth in pre-tax profits to around 5 per cent."

Bad training 'caused tanker fires'

BY WILLIAM HALL, SHIPPING CORRESPONDENT

SHIPS' CREWS, oil terminal staff, and ship management are heavily criticised in a special study of fires and explosions aboard large tankers over the past six years.

The study was carried out by the Salvage Association of London after an upsurge in tanker accidents over the last year. It covers tankers and combination tankers of 100,000 deadweight tonnes and over and shows that in the period January, 1979, and April, 1980, there were 37 major accidents against 34 in the preceding five years.

The 16-page report says that the vast majority of fires and inadequacy of crew training, explosions can be traced to pressure to meet commercial deadlines, lack of attention to duty or an attitude of overfamiliarity leading to slackness. Some responsibility, it says, must be assumed by management.

"These factors have been observed so often in the past but the lessons have obviously not been fully learned by a large number of ships' operators," says the report.

The Salvage Association states that it is a matter of grave concern that owners and operators of vastly expensive vessels all too frequently appear content to leave their operation in the hands of crews who are "barely adequately trained."

Of the 71 accidents analysed since 1974, the Salvage Association could find no discernible trends as regards the flag, age and geographical distribution of the vessels involved. It reports that 30 ships were Liberian. Vessels registered in Greece (10) and the UK (7) were the next most dangerous.

Many of the ships were not equipped with inert gas safety systems, but in those cases where inert gas systems were in use the casualties resulted from crew failure rather than defective equipment. According to the reports available, explosions occurred where the inert gas concentration within the affected tank had been allowed to fall to the level where incoming air formed an explosive mixture with the hydrocarbon vapours emitted by the oil cargo or residues.

RHYS DAVID ON THE PROBLEMS OF THE MAN-MADE FIBRE SECTOR

Output lowest since 1975

BRITAIN'S man-made fibre industry yesterday added its voice to manufacturers' growing expressions of alarm at the effects of high sterling and interest rates.

Mr. John Stuart, chairman of the British Man-Made Fibres Federation and deputy chairman of ICI Fibres, said first quarter output by UK fibre producers was down 8.8 per cent to the lowest level for any equivalent quarter since 1975.

Sterling's value bore no relation to industry's underlying strengths. The rate of appreciation in the past six months was much higher than the much stronger German manufacturing sector had been required to overcome in a comparable period.

"British industry has to, and can, change from overmanning, low productivity and high wage inflation, but present exchange rates require a brutal rapidity of adjustment which even the most efficient firms are finding difficult to achieve."

His remarks follow grim forecasts from the engineering sector. Mr. Stuart said for much of industry the limit beyond which negative cash flow could no longer be sustained was near.

"It is vital that the Government takes action to lower interest rates and reduce the value of sterling before that limit is reached and the prospect of de-industrialisation becomes a fact."

The drop in first-quarter fibre output would have been substantially greater but for a 17 per cent rise in overseas sales. There was a 25 per cent fall in deliveries to the domestic market, under heavy pressure for the past year from U.S. experts.

First-quarter exports had overtaken domestic deliveries, but it would be wrong to suppose this trend could continue and that the need for restraints on American exports to Europe could be obviated.

"In the past year plant closures, attributable wholly or in part to the effects of such imports, had affected 7 per cent of those employed in man-made fibre manufacture, and 40 per cent of those in the polyester sector.

"A continuation of present trends will lead inexorably to further closures and to the abandonment of plans for investment."

Mr. Stuart criticised the European Commission's reluctance to act against U.S. imports.

The European fibre industry has said these are effectively subsidised because of U.S. Government controls on domestic oil and natural gas prices. The range of products covered is inadequate and the quota levels provide for a consolidation of the position already achieved by U.S. exporters and for further growth.

The commission had proved readier to respond where dumping could be proved. Action had been taken to counter U.S. acrylic dumping and it was hoped a similar case alleging dumping of polyester filament would also be acted on.

Five year textile plan favoured

BY GARETH GRIFFITHS

BRITISH CLOTHING retailers yesterday told the Government they were broadly in favour of maintaining for five years the present conditions of the Multifibre Arrangement (MFA), the agreement regulating world trade in textiles due to be renegotiated next year.

At a meeting with Mr. Cecil Parkinson, Industry Minister, the Retail Consortium stressed that the present MFA had kept imports in the negotiated limits. It had added two per cent to the cost price of British clothing in the past two years.

Mr. Richard Weir, the consortium's director, said the next agreement should last only five years and be viewed as a temporary measure. This contrasts with the British Textiles Confederation's call for a 10-year arrangement.

The consortium said the clothing imports causing most problems are T-shirts, underwear, knitwear, trousers, jeans, blouses and woven shirts. About 80 per cent of clothes sold were made in Britain, although retailers bought on the grounds of value rather than country of origin.

Mr. Philip Carter, managing director of Littlewoods, who led the consortium delegation, said UK clothing manufacturers should be more flexible. Suppliers in the Far East had been prepared to switch products almost overnight to meet with the new conditions imposed by the last MFA.

He cited children's clothing as an area where prices had gone up considerably since the last MFA, and where manufacturers had ignored retail advice about the market waiting to be tapped. The consortium has set up a monitoring survey to find out where import substitution would be feasible.

The retail trade is alarmed at the possibility that a delay in renegotiating the next agreement would cause confusion. The last transition in 1978 meant losses of several hundred thousand pounds for many chain stores because of confusion about which textiles would be allowed in.

The source of clothing imports in 1979 shifted slightly from the newly industrialised countries of Hong Kong, Taiwan and South Korea to the developed countries and to some extent the less developed countries — but they have been unable to sell to the quotas assigned to them.

Retailers in the UK are concerned about quality control of clothing manufacture in the less developed countries. They also want guarantees of reasonably long production runs.

● A long-term programme for textile trade liberalisation, phasing out protection and giving the industry in the UK and other advanced countries time to adjust, is suggested today in a study by Dr. Geoffrey Shepherd, deputy director of the Sussex University European Research Centre.

He proposes an eight-year limit on the next MFA and an agreement that it would not be renewed.

In return for the removal of quotas the main exporters would be expected to offer concessions by liberalising their own import regimes. The suggestion is put forward as an alternative to the more likely scenario for the 1980s—a growth in protectionist sentiment at least as long as the recession lasts.

Plea to revive run-down areas

A BID for a share of Britain's rebate from the EEC has been delivered to the Government by West Yorkshire, writes Rhys David. The county wants some of the funds diverted into its Scheme for Textile Area Regeneration (STAR) which aims to revive rundown parts of the region.

The scheme was conceived by the county council 18 months ago, initially as a vehicle for attracting money from the various EEC regional and industrial restructuring funds. It includes a number of small and medium projects — road improvements, site clearance and the like—which undertaken on a co-ordinated basis could, it is said, substantially improve the appearance of older areas and thus help in the attraction of new industry.

STAR in this form has been slower than expected in getting off the ground, and only relatively limited funds have been secured. Its latest problem has been the Government's decision to revise regional aid from 1982, effectively removing most of West Yorkshire from Assisted Area status.

Under present rules, money received by the UK from the European Regional Development Fund—one of the main sources of money STAR has been hoping to tap—can only be spent in recognised development areas.

The county has not yet given up the argument over regional development finance but in a letter to Mrs. Thatcher it now says STAR should qualify as one of the projects to receive finance from the new programme of Community expenditure in Britain which is to form part of the UK Budget rebate.

About £400m of the £717m refund in 1980 will be made available in this way, mainly to projects in transport and communications, public utilities, the coal industry and depressed urban areas.

The Treasury and the EEC have jointly been examining a list of projects for implementation once the Budget issue was settled.

The case for help made out by the county in a new STAR submission to the EEC Commission and Sir Geoffrey Howe, Chancellor of the Exchequer, is based on the serious loss of jobs in the area. The labour force in wool textiles has fallen from 145,000 20 years ago to 60,000 at present. Clothing employment has fallen 26,000 to 16,000 in the same period. Losses in the two industries have been accelerating in the past year.

Mr. Martin Bradshaw, the county's Executive Director of Planning, points to low rates of investment, low household earnings, high levels of outward commuting and migration, inadequate infrastructure and industrial obsolescence as other problems besetting the older textile areas.

The STAR submission also urges the Government to continue to press for help for workers affected by closures in wool textiles and clothing through the EEC Social Fund, and to try to widen the availability of aid for the fibres sector under the European Industrial Development Fund to include natural fibres.

Last year the £10m available in this fund was taken entirely by the Italians who came forward with schemes for restructuring their synthetic fibre sector.

Chemical workers settle

By Nick Garnett, Labour Staff

MANUAL WORKERS covered by the chemical industry's main national wage negotiations have voted to accept an annual pay and conditions offer.

The deal, affecting 60,000 workers represented mainly by the Transport and General Workers Union and the General and Municipal Workers Union includes the setting up of a working party to formulate proposals for reducing working hours next year.

The deal, negotiated with the Chemical Industries Association, provides for a basic minimum national rate of £66 a week. This is increased by company rates in the industry's two-tier bargaining structure.

Last year, the CIA and the unions failed to secure a national agreement and rates were fixed by local negotiations.

..n officials said yesterday that employers had agreed to maintain the principle that percentage increases on national rates will be directly reflected in percentage increases on average earnings.

It is still unclear however if a pay offer worth at least 21 per cent which has been strongly recommended by union officials representing manual workers at ICI will be accepted.

There has so far been a mixed voting response by groups among the 50,000 workers covered by the offer. The ICI proposals involve a 16 per cent increase on top of a special 3 per cent interim rise awarded in January together with a one hour reduction in the 40-hour week from June next year.

Mr. John Miller, a national secretary of the Transport and General Workers Union, said Distillers had this week offered its manual workforce a deal worth 21.3 per cent on the wages bill.

Mr. Miller said the offer, which is being recommended for acceptance, would give a minimum basic rate of 167p an hour.

Teachers to get full award

BY PHILIP BASSETT, LABOUR STAFF

TEACHERS' EMPLOYERS yesterday agreed to pay in full the recent 17-25 per cent Clegg Commission award to 470,000 teachers in England and Wales, including the disputed £130m, amounting to 4 per cent, awarded in error.

The local authority employers, however, have scaled down this year's pay offer to the teachers to take account of the error. Though the unions rejected the reduced offer, cut from 13 to 9.2 per cent, the employers will press for its application when the claim goes to arbitration.

Two months ago, the Government's standing commission on pay comparability, chaired by Professor Hugh Clegg, awarded the teachers rises of 17-25 per cent, averaging 18.2 per cent at a cost of about £640m as the final part of their 1979 pay settlement. But the commission was forced to admit that it had made an error in drawing up the report, and that the correct range of increases was 13-21 per cent, at a cost of about £510m.

The error has added further fuel to the debate among Ministers over the future of the commission when Professor Clegg retires in the autumn.

At a meeting of the Burnham pay negotiating committee yesterday, Mr. John Wordie, the independent chairman, ruled that the award including the error should stand. Teachers will probably receive the award in their next pay packet.

There are some indications though, that hard-line local authorities might want to take legal advice on the validity of the award.

The commission's error is subject to an inquiry by the Government.

The claim for this year will go to the Advisory, Conciliation and Arbitration Service (ACAS). The unions are likely to insist that the difference is between 13 and 20 per cent, though the employers see it as between 9.2 and 20 per cent.

Mr. Fred Jarvis, leader of the teachers' panel of the Burnham committee and general secretary of the National Union of Teachers, said the unions would now be pressing the 20 per cent claim with the "utmost vigour." All the facts and arguments warranted a substantial pay increase.

Pit closure campaign

BY ROBIN REEVES, WELSH CORRESPONDENT

SOUTH WALES miners' representatives agreed unanimously yesterday to launch a campaign against pit closures—backed if necessary by industrial action.

At a three-hour meeting in Bridgend, delegates from all 35 Welsh collieries, representing 26,000 miners, also endorsed their executive's decision on Monday to boycott the National Coal Board's pit review machinery until the plan to close Tymawr Lewis-Merthyr colliery in the Rhondda Valley is withdrawn.

The pit is only the first of a number threatened with closure as a result of the major cut in the Welsh steel industry and rising coal imports.

Mr. Emlyn Williams, the South Wales miners' president, said the Coal Board has clearly indicated that up to 21 Welsh pits were under threat. He forecast the board would seek to close six swiftly, another six within 10 months and the remainder within 18 months.

Accutely aware of the February debacle, when the Welsh miners declined their leadership's call to strike in support of the steelworkers', and their own, jobs, Mr Williams stressed that careful steps were being taken to mobilise the membership for the anti-closures fight.

"We will make sure on this occasion we have got an army behind us," he said.

Mass meetings are to be held throughout the coalfield to endorse the leadership's stand and present a strong front at the National Union of Mineworkers' annual conference in Eastbourne in July. There, they would seek the support of the rest of the British coalfields, he said.

Mr Joe Gormley, the miners' president, is to see Sir Derek Ezra, the NCB chairman, next Monday to discuss the threatened closures.

Nalgo man to appeal

FINANCIAL TIMES REPORTER

MR. BRENDON MURPHY, a public relations officer with Stockport council, Greater Manchester, is to appeal against a decision by the local branch of the National and Local Government Officers' Association to expel him for speaking out against inflationary pay rises.

Mr. Murphy, aged 38, was expelled on Tuesday night by a 16-to-two vote of his branch executive.

This followed an interview in a national newspaper last April in which Mr. Murphy condemned pay rises which he said crippled Britain's economy.

Mr. Murphy, who earns £11,000 a year, said the rise he had accepted, which could amount to 42 per cent over two years, was not justified by increased productivity. Mr. Murphy, a Nalgo shop steward, who has attended nearly all his branch meetings in recent years, said: "Last night's meeting was like a kangaroo court—it was farcical. There was no semblance of legal process about it. Today I am preparing my appeal to the national executive of the union."

One bank union backed

By Nick Garnett, Labour Staff

MEMBERS of the staff associations at the Barclays, Lloyds and National Westminster banks have voted overwhelmingly to support proposals for the formation of a joint staff union.

Officials of the staff associations have been in discussions with the certification officer on the creation of what has been provisionally called the Clearing Bank Union.

They hope to complete these discussions, and the negotiations on the new union's structure, by July or August.

Slightly more than 55,000 of the staff associations' joint membership of 95,000 voted. More than 49,000 agreed to the setting up of the CBU. The new union will still leave considerable power over local matters to the individual staff associations.

as a negotiating platform for the staff associations in principal common negotiations with the banks, in place of the virtually-defunct Confederation of Bank Staff Associations.

The associations also see it as a base from which to improve recruitment in opposition to the rival TUC-affiliated Banking, Insurance and Finance Union which has between 65,000 and 70,000 members in the five main English clearing banks.

Health Service pay battle looms

BY PAULINE CLARK, LABOUR STAFF

NEARLY 70 per cent of National Health Service employees appeared yesterday to be lining up for battle against the Government's 14 per cent limit on wage rises.

Representatives of 110,000 hospital administrators and clerical staff yesterday "totally rejected" a cash limits pay offer which would break their traditional salary links with the Civil Service.

The decision increases the likelihood of a similar pay problem affecting hospital scientific and laboratory staff over the next few weeks. Any attempt by the Government to impose a 14 per cent settlement on the 30,000 strong group could also break their long-standing pay links with Civil Service scientific officers.

With 490,000 nurses and midwives and 37,000 paramedical staff having already formally thrown out 14 per cent pay offers, the scientific group could bring the total oposition to the Government's policy to 667,000.

Only the hospital manual workers have settled within the limit in this year's pay round but this was before the recent upswing in the inflation rate forecast.

Since then an inflation award of 18.7 per cent to doctors and dentists in spite of cash limits has fuelled unions' anger over health service pay.

The National and Local Government Officers' Association and the National Union of Public Employees yesterday expressed total opposition to any offer to administrative and clerical staff which fell below an average 18.75 per cent

Management was said yesterday to have agreed to reconsider its position before the next negotiations.

Mr. David Williams, assistant general secretary in the Confederation of Health Service Employees and chairman of the staff side of the nurses' Whitley Council, yesterday accused the Government of issuing "misleading" figures on nurses pay.

When the Government said nurses had received a 65 per cent pay increase since April 1978 it had wrongly assumed that all nurses got 25 per cent from a Clegg comparability award, he said. Only one grade, representing 16 per cent of the the profession, received this amount and the rest were given much lower increases.

The Government had also erred in adding the cost of a reduction in the working week from 40 hours to $37\frac{1}{2}$ hours as a concealed pay rise, he said. Had this not been granted, Clegg would have had to increase his award by some 6-7 per cent.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100), retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs.
1978							
4th qtr.	110.3	103.0	109	101.7	132.3	1,340	230
1979							
1st qtr.	110.1	102.6	98	100.7	134.0	1,351	234
2nd qtr.	114.8	107.1	107	106.2	144.8	1,299	256
3rd qtr.	112.8	103.0	99	99.5	144.6	1,269	247
4th qtr.	112.7	103.7	105	101.7	151.9	1,286	230
Nov.	114.1	105.3	112	102.5	153.2	1,282	234
Dec.	112.1	103.5	104	101.7	153.1	1,294	219
1980							
Jan.	111.4	101.8	87	103.1	155.5	1,339	207
Feb.	110.2	100.5	97	104.1	158.7	1,414	181
March	108.9	98.1		103.0	159.9	1,414	181
April				103.0		1,458	169

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1978							
4th qtr.	105.8	97.3	123.9	97.0	100.2	102.2	20.3
1979							
1st qtr.	105.9	99.2	127.1	98.8	98.4	100.0	12.9
2nd qtr.	108.6	103.0	133.0	102.7	110.1	102.9	21.3
3rd qtr.	105.6	96.2	132.2	94.9	103.8	100.2	21.0
4th qtr.	104.3	101.3	129.6	99.1	100.9	94.9	18.1
Oct.	103.0	98.0	130.0	96.0	102.0	96.0	20.5
Nov.	106.0	103.0	132.0	101.0	103.0	97.0	19.2
Dec.	104.0	102.0	128.0	100.0	98.0	92.0	14.6
1980							
Jan.	106.0	101.0	126.0	100.0	65.0	94.0	13.2
Feb.	105.0	102.0	123.0	100.0	59.0	92.0	11.4
March	103.0	97.0	124.0	95.0	67.0	89.0	12.3

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1979							
1st qtr.	109.0	116.9	−1,588	−1,215	−235	107.0	16.78
2nd qtr.	135.3	128.9	−486	−31.0	−229	160.4	21.69
3rd qtr.	129.8	128.1	−493	−238	−158	106.8	23.18
4th qtr.	129.3	128.9	−745	−674	−157	103.7	22.54
Nov.	131.8	125.8	−75	−51	+27	104.1	22.42
Dec.	131.3	131.2	−252	−229	+88	102.6	22.72
1980							
1st qtr.	131.5	126.7	−723	−573	−126	100.7	24.87
Jan.	129.9	128.3	−321	−271	−74	100.9	23.71
Feb.	136.8	129.1	−226	−176	−52	100.6	23.93
March	127.8	122.8	−176	−126	0.0	100.7	26.96
April	127.0	127.6	−264	−214	+44	102.0	28.01
May							28.28

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1979							
1st qtr.	7.6	9.3	32.6	+1,525	777	1,581	13
2nd qtr.	9.7	17.2	28.5	+2,707	777	1,867	14
3rd qtr.	15.5	10.2	13.2	+2,409	933	1,879	14
Dec.	5.1	12.6	16.2	+ 250	161	593	17
1980							
1st qtr.	−2.3	9.6	25.4	+1,889	634		17
Jan.	−8.1	8.7	22.6	+ 777	235	668	17
Feb.	−6.4	10.0	20.7	+ 271	199	667	17
March	−2.3	9.6	25.4	− 709	200	635	17
April	−2.5	5.3	19.1	+ 671	266		17

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1979							
1st qtr.	144.2	153.4	161.6	206.9	218.8	268.88	64.0
2nd qtr.	147.3	163.3	168.0	216.5	225.2	293.55	67.4
3rd qtr.	154.2	169.9	176.4	231.1	231.9	301.66	71.0
4th qtr.	161.7	183.9	181.8	237.6	237.2	295.13	68.8
Nov.	162.1	186.0	181.6	237.7	237.0	297.22	68.4
Dec.	165.1	187.5	183.4	139.4	239.9	295.13	69.7
1980							
1st qtr.		197.6	191.5	248.8	247.5	284.47	72.4
Jan.	163.0	193.5	188.5	245.3	244.8	308.69	71.4
Feb.	167.3	197.6	191.5	248.8	246.7	304.27	73.2
March	172.6	200.5	194.4	252.2	251.1	284.47	72.6
April		201.8	197.1	260.8	254.1	275.67	72.6

* Not seasonally adjusted.

UK NEWS – PARLIAMENT and POLITICS

Callaghan tackles Labour Left

BY JOHN LLOYD, LABOUR CORRESPONDENT

MR. JAMES CALLAGHAN, the Labour Party leader, yesterday continued his sharp attack on the Prime Minister, took oblique but unmistakable swipes at his opponents in the party and was teasingly ambiguous about his future intentions on his position as leader.

The speech, to the biennial national delegate conference of the Union of Construction, Allied Trades and Technicians in Bournemouth, was the first speech in what is seen as a *strategy of more overt confrontation* with the Left in the party on policy issues. It is an attempt to rally the party round a common programme which would have the backing of the unions.

Mr. Callaghan made a raid on French classic literature, describing Mrs. Thatcher as a "Madame Pangloss" who "would have us believe that everything is for the best in the best of all possible worlds."

"What is more appropriate to her Government is that other quotation from Voltaire: 'They squeeze the orange and throw away the skin'—and that is what is happening to much of British business and to British workers."

The Opposition leader returned again and again in his speech to the view that Government policies were doing "permanent damage" to the economy.

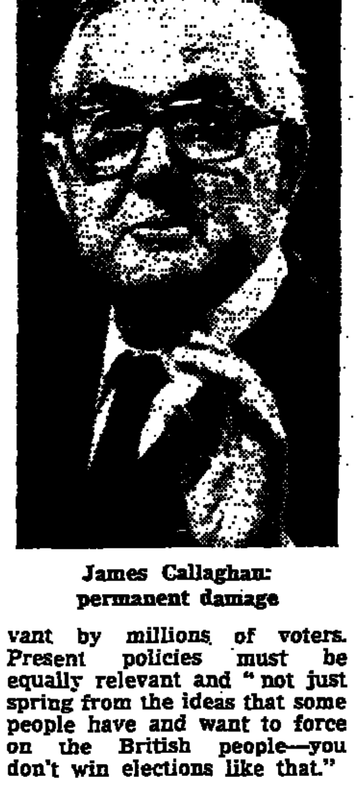
He said: "I think it is about time that some of the captains of industry stopped giving slavish adherence to this Government and said publicly what they are saying privately."

In turning to the Labour Party's proposals for rebuilding the economy once returned to office, Mr. Callaghan drew a *number of sharp, if implicit*, distinctions between his own policies and those of the party's Left wing, led by Mr. Anthony Wedgwood Benn.

In an apparent further reference to an agreed policy on *wages between the unions and* the Labour Party, Mr. Callaghan said: "We will not solve these problems by sloganising. We must have an understanding and agreement before we return to power as to how we carry matters forward."

He said that a new Labour Government would face difficulties as great as those it faced in 1945, and would need as radical a recovery programme.

He added, however, that the programme of that Labour Government was seen as relevant by millions of voters. Present policies must be equally relevant and "not just spring from the ideas that some people have and want to force on the British people—you don't win elections like that."



James Callaghan: permanent damage

Returning to the theme of force, Mr. Callaghan said: "This movement is not a dictatorship: it cannot be dictated to from on high."

Before the party could be returned to government it had to develop a credible message. "There is still a great deal of hard thinking that has to be done within the movement."

Drawing heavily on his age and experience, Mr. Callaghan reminded the delegates that he had been a Labour Party member for 50 years, and had come up through the trade union movement.

"It is the responsibility of those of us who have worked in the movement and speak from experience of the problems to remind the movement what these problems are and to say what the solutions might be."

The Labour leader said he would continue to fulfil that role "in whatever walk of life I may be." Earlier, he had joked that delegates, having read his "obituaries" in the Press, would expect a ghost.

"I can assure you I am very much alive and kicking." He said he would continue to oppose "the worst policies I have ever seen from a Conservative Government."

Heath warns of isolating Soviets

By Elinor Goodman, Lobby Staff

MR. EDWARD HEATH warned yesterday that the Soviet Union could be provoked into aggression in the Gulf if the West tried to starve her of the oil technology she needs to develop new supplies of her own oil.

Speaking to the Select Committee on Foreign Affairs, the former Prime Minister also repeated his criticism of the British Government's policy on sanctions against Iran. He censored President Carter for his warning to Europe to keep out of attempts to settle the Middle East problem.

In general, he said, it was time America paid more attention to discussing its foreign policy plans with its allies.

Edward Heath: too little consultation

"There has bee ntoo little consultation for too long," he said.

He added that he did not think there was a single European leader who was pursuing the policy of sanctions because he believed it was either right or effective — only because the American President wanted it.

"*Surely, as an alliance*, we have an obligation to work out with the senior partner whether a policy is going to serve any useful purpose. And we have sufficient experience of sanctions to show us what the problems are and make a judgment."

Dealing with the question of Soviet aggression, Mr. Heath said there were dangers in the West trying to isolate Russia.

Proposal on pension payments

FINANCIAL TIMES REPORTER

THE DEPARTMENT of Health and Social Security could save up to £50m a year through a proposal to make old age pensions, child benefits and other state benefits payable through bank accounts, MPs believe.

A report from the Commons social services committee stresses that the change should be optional and that cashing benefits weekly at post offices *should continue for those who* wish it.

The proposals, which are in line with Government policy on expenditure cuts, have already aroused opposition from Post Office workers, especially from sub-post office owners, who stand to suffer.

The committee, chaired by Mrs. Renee Short (Wolverhampton NE) recommends "as a matter of urgency," that the Post Office should take steps to increase the amount of business available to it.

In its evidence, the Department of Health and Social Security had said that there had been some demand for many years for direct crediting of benefits to bank accounts. Such payments, at four-weekly intervals, would cost the DHSS about £2 a year compared with the £7-£10 a year it costs now to pay weekly by computer-produced order book.

The new arrangement would include both National Girobank and the Trustee Savings Banks. The DHSS believes that a scheme could start in 18 months to two years.

The committee has agreed that the scheme should go ahead quickly with the incentive that payment of benefits should be made at four-weekly intervals on the basis of payment two weeks in advance and two weeks in arrear.

Commenting on the report, Mr. Ron Dearing, chairman-designate of the new Post Office, said that the corporation was severely constrained in seeking new business to offset any loss of work. Any changes should be phased in such a way to take full account of the need to win new business.

The National Girobank would play an important role in building up counter business — it already produced one-sixth of the business and was growing rapidly, he said.

Councils urged to cut staff

BY IVOR OWEN

COUNCILS WERE urged to cut back on their current expenditure by slashing town hall staffs by **Mr. Michael Heseltine**, the Environment Secretary, in the Commons yesterday.

With fewer public sector houses being built, a falling school population, a decline in the number of roads being designed, and structure plans largely completed there was obvious scope for staff reductions, he maintained.

Mr. Heseltine told **Mr. Tim Renton** (C. Mid-Sussex) that on the basis of the latest available statistics, he was "not at all satisfied" with the response so far made by local authorities to his call for staff cuts.

The Minister agreed with **Mr. John Major** (C, Huntingdonshire) that too many local authorities were protecting their staff levels at the expense of cutting services. This amounted to a dereliction of their duty to ratepayers.

Mr. Roy Hattersley, Labour's Shadow Environment Minister, seized on Mr. Heseltine's admission that fewer council houses were being built to repeat his demand that the Government should publish an estimate of the likely total fall in public sector building this year compared with last year.

Mr. Heseltine, who emphasised that the number of public sector houses built had fallen in each of the last four years, refused to give an estimate.

He said he had learned from the experience of the Labour Government that it was difficult to get accurate figures from such forecasts.

Mr. Gwilym Roberts (L., Cannock) defended the local authorities.

He declared: "These cuts in staffing *levels* generally mean cuts in social services, education provision, housing improvement and house building, and only added to the dole queue.

But Mr. Heseltine retorted that with the fall-off in the amount of work required in the town halls, it was "humbug" to talk about inability to reduce the levels of local government manpower.

GLC in row over dockland plan

BY ANDREW TAYLOR

A ROW is brewing following the decision to drop a £400m joint development proposed by Taylor Woodrow and George Wimpey from the short list of schemes being considered for the redevelopment of the key 120-acre Southwark site in London's Surrey Docks.

Mr. Peter Drew, chairman and managing director of St. Katharine-By-The-Tower, a Taylor Woodrow subsidiary, said last night that the company would seek to recover the costs of drawing up its pro*posal from the Greater London Council and Southwark* Borough Council, joint owners of the site.

The company, although disappointed at not being included on the short list, is upset at the council's handling of the competition to decide which scheme will be chosen for the Southwark site.

Names on the short list approved this week by senior GLC and Southwark councillors *include two Dutch developers* and one French construction group.

The Taylor Woodrow/George Wimpey proposal *had originally* been included on a short list of five schemes prepared *earlier this year by the councils officers and members of the* Docklands Development Organisation. This short list was scrapped at the last minute and the councils decided to put all 15 schemes entered in the competition on public exhibition.

Mr. Drew said last night that by opting to put the schemes on public exhibition the councils had significantly altered the arrangements under which proposals had been submitted. He estimated that it had cost between £70,000 and £80,000 to prepare Taylor Wodrow's submission.

Four oft he five schemes originally approved by the councils' officers are included on the revised short list—the only *omission is the Taylor Woodrow* scheme.

A final choice from the four schemes is due to be made in late autumn this year.

LABOUR DILEMMA OVER ENTERPRISE ZONES

Commons sees 'Sheffield Chase'

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

AT LAST Saturday's Labour conference at Wembley, Mr. James Callaghan devoted a big section of his speech to extolling the way in which the Parliamentary Labour Party had closed ranks to put up a bitter fight against Conservative Party policies in the Commons.

He would probably have been disappointed had he been in the chamber yesterday when the Government's proposed new enterprise zones came up for debate during the committee stage of the Finance Bill.

The idea of this novel — some would say curious scheme—is to attract businessmen to inner cities by exempting them from a wide range of financial liabilities and giving 100 per cent capital allowances on industrial and commercial property.

Judging from yesterday's exchanges, the whole idea presents the Labour Party with something of a dilemma. They are in favour of giving assistance to such areas, particularly for manufacturing, but the whole idea of bringing in a host of small businessmen appears to fill them with alarm.

The proposal immediately came under attack from Mr. Frank Hooley (L Heeley, Sheffield), who wanted capital allowances limited to industrial properties and thought that theey should not go to hotels and commercial buildings.

He *suggested that, as it* stood, the Government scheme would bring in all sorts of undesirables, such as estate agents, tax lawyers and accountants, instead of worthy chaps like skilled engineers. *It would, he grimly predicted*, be a charter for tax evasion.

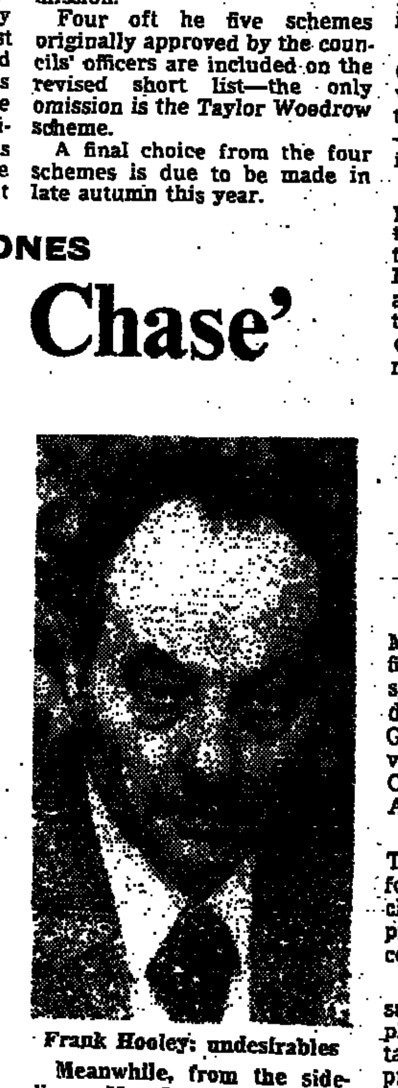
But there was one slight snag to his argument. The Attercliffe district of Sheffield is one of the areas where an enterprise zone may be set up. *In fact, Labour - controlled* Sheffield City Council was the first local authority to beat a path to the door of the Environment Secretary to make application for a zone.

Mr. Hooley admitted this, *but implied that they were a* misguided crowd who had not fully understood the ghastly implications of the Tory plans.

This brought Mr. Pat Duffy, Labour MP for *Attercliffe*, into the fray. Mr. Duffy was all in favour of giving the scheme a try. The rate relief involved could, he said, make a vast difference to the cash flow of companies who had been hit by *the steel strike*. A zone was "bound to have an appealing attraction."

Not to be left out of his quarrel, Mr. Dennis Skinner, (L., Bolsover) the leading Left-winger, intervened and darkly suggested that this was not the first time Mr. Duffy had been out of line with party policy, particularly over the Common Market.

For their part, the Conservatives were delighted at the signs of Labour confusion. Mr. Frederick Silvester (C., Withington) suggested that for those who had missed the Derby the "Sheffield Chase" on the Opposition benches had been the most entertaining race of the day.



Frank Hooley: undesirables

Meanwhile, from the sidelines, Mr. Jo Grimond, the former Liberal leader, was able to observe somewhat smuggly that "unity is the hallmark of the Liberal Party."

MPs fear restraint plea over wage rise

By Elinor Goodman

CONCERN IS mounting among backbenchers that MPs may once again be asked to set an example by exercising a degree of wage restraint.

MPs would seem to be gauranteed a flat increase of £1,275 next week, taking their salaries up to £10,725.

But there is growing apprehension among some MPs that they may not get all the topping-up money which they had been led to expect as part of the staged deal agreed last year.

Any move to modify the arrangement agreed last year would provoke a furious row in Parliament which could result in a Government defeat.

But ministers are apparently beginning to get nervous about the implications for public sector pay of MPs getting a settlement which bears all the marks of "comparability," and which would appear to give MPs just the kind of protection against inflation which the Treasury *has* been telling other workers they cannot expect as a right this year.

The first £1,275 is due on June 13, but MIns may put off *making a decision in principle* on whether to protect MPs' pay from the effects of inflation until they have received the recommendations of Lord Boyle's review board.

This is not expected for several weeks.

MPs pay is traditionally an extremely sensitive subject. Opinions on it are sharply divided on both sides of the House.

Promised

The majority of MPs would most bitterly resent it if the Government tried to cut back the increase which they believe they have been promised. But a significant minority of Tories feel that it would be wrong for them to agive an inflation-proofed settlement at this time.

The Government is faced with this dilemma over pay this year because of its refusal last year to implement in full the recommendation from Lord Boyle that MPs should receive an immediate increase of £5,000.

After a major row in Parliament, the Government agreed to give MPs a staged increase of £2,500 last June, together with another two instalments of £1,275 in the following two years.

It als opromised that MPs salaries would not be allowed to fall behind the rise in general *earnings again as a result of* the staging.

Lord Boyle is due to report to the Government within the next few weeks on what additional increase would be necessary to was honoured.

A similar calculation on doctors' pay by Lord Boyle produced a recommendation of 18 per cent. It could be very embarrassing for the Government if the review body recommended that MPs should be given anything like this on top of the £1,275 they are due to get next week.

MPs seem confident they will get the £1,275 because it would require a vote in the House to go back on this commitment. The majority would also make claim that the Government is morally bound to honour its pledge to ensure that their salaries do not fall behind in the league table again.

But there is no *resolution* binding the Government to do this, so it might technically be possible to at least delay the later stage, or perhaps modify it.

One suggestion made at the *Conservative 1922 Committee* was that only the £1,275—rather than the total salary of £10,725—should be indexed to the rise in earnings.

The Government will be pressed to give a commitment to honour the *indexing* when the £1,275 comes due next week. But they may try to postpone an announcement on the grounds that they cannot give any commitment until they have received Lord Boyle's report.

Public spending control plan

Financial Times Reporter

MORE DETAILED specific figures about areas of public spending should be made directly available to MPs by the Government Departments involved, says a report by the Commons Committee of Public Accounts.

It suggested that the Treasury give more detailed information about year-to-year changes in public spending by providing both price and volume comparisons.

The Treasury has, however, said that this would be too complex. Instead, it has undertaken to improve the scope of previous year figures in supply estimates, and to supply additional information on request to meet MPs' specific interests.

The 13th Report from the Committe of Public Accounts. HMSO £2.75.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMPONENTS

Solid state heater regulates itself

ELEMENTS WITH *intrinsic* temperature control based on a semi-conductor ceramic are used in heaters newly developed by Salford Electrical Instruments, Barton Lane, Manchester M30 0HL (061 789 5081).

The material, doped barium titanate, has an electrical resistance which increases sharply above a critical temperature known as the switching temperature. The elements can have an overall round or rectangular shape and are fabricated in a honeycomb structure of hexagonal holes to allow air flow over as large a surface area as possible.

On first applying mains voltage the initial resistance is low, a relatively large current flows and warm up is swift. But when the switching temperature is reached equilibrium occurs with the heat output from the element balancing the input power. Passing air through the element results in a new, lower equilibrium temperature which in turn causes the resistance to drop and the electrical input to increase.

The overall temperature of the block becomes virtually constant at around the switching temperature and the heat produced can be controlled by varying the air flow.

The company claims a number of advantages for the new heaters. For example, if the air flow stops for any reason the current flow becomes self-limiting and the unit stays at the switching temperature, there being no unsafe overheating. In addition, there are no "dead spots" within the block and no radio frequency interference can be produced because there are no contacts opening and closing as in thermostatically controlled equipment.

Known as PTC Honeycomb heaters, the units are compact and robust, have no moving parts or fine wires to cause reliability problems and are easily mounted in any position.

A wide range of sizes is available and the switching temperature can be adjusted to meet customers' requirements by changing the element material.

No stains on the ceiling

ARCHITECTS, ENGINEERS and maintenance men have for some years been concerned with the problem of ingress of dirt around sprinkler heads on false ceilings where the latter's void forms the air conditioning plenum. This particularly applies in air conditioned shopping malls, superstores and shops.

Not only does leakage of conditioned air reduce the overall efficiency of the air conditioning plant, the resultant dirt staining is unsightly—even in clinical conditions.

These problems, however, can be overcome by using a nickel plated miniature sprinkler head which, when used with an aluminium self sealing rosette, provides an air-tight seal around the rosette and the sprinkler head, says Hall and Kay Engineering, Birch Street, Ashton-under-Lyne, Lancs. (061 330 6621).

Installation is very much simplified in second fixings, says the company, by the use of a telescopic self-sealing adjustable drop having a three to 5 in. vertical adjustment.

Pumps for small presses

BY COMBINING pumps from its gear pump and radial pump range, it is now possible to offer small flows at high pressure with higher flows at medium pressure, making a unit eminently suitable for use on small presses and similar applications, says Rexroth, Cromwell Road, St. Neots, Huntingdon, Cambs (0480 76041).

The R4 radial pump is high pressure up to 700 bar. This can be combined with either gear pump type G2 (up to 250 bar), or with gear type G3 (up to 150 bar). The pump flanged at the rear is always a gear pump.

Pumps type R4 are self-priming, valve controlled radial piston pumps, and pumps type G2 and G3 are self-priming gear *pumps with external gearing.*

● DATA PROCESSING

Will meet most needs

THE AIM of the latest word processing equipment from Supertyper, one of the oldest established companies in this area, is to "fulfil the complete word processing and systems requirements that now exist in the UK." To date, much of the company activity has been in specialist markets, the equipment fulfilling particular applications and functions.

There are several models in the new FD86 range, starting with a single floppy disc system and finishing at the top of the range with a hard disc unit of 10 megabytes capacity which ultimately will be capable of expansion to a total of 96 megabytes.

The idea is to provide a configuration to suit each customer's special needs and available budget. A two screen shared resource system with one printer would cost under £100 a week on lease.

By the end of this year the number of work stations that can be linked to the hard disc will be increased to 15, says the company.

One new development for the company is the use of fibre optics to connect screens to central memory, allowing connection distances of up to 300 metres without boosters.

More from 33 Lower Coombe Street, Croydon, Surrey (01-680 3477).

Aids the car dealer

OFFERED BY NCR is a computer system designed to deal with the day-to-day administration of car dealers and vehicle service centres, put on the market after close collaboration with the manufacturers and the dealers' associations.

Hardware employed is the NCR 8000 series of machines and the system is called Carfacts. Software covers everything from invoicing and stock control to the ordering of new cars and sales promotion plans.

Three main modules cover invoicing, spare parts inventory and accounting. The invoicing module will maintain car and customer records, including credit limits if required and can produce invoices on computer terminals at garage reception counters. Stock records are updated automatically as parts are issued from the stores. Users can inquire about stock levels through the terminals and purchase orders are produced automatically as required.

Carfacts handles all financial and VAT accounting and the printing of reminders to customers with overdue invoices. Total system prices start at £20,000.

NCR is at 206 Marylebone Road, London NW1 6LY (01-723 7070).

● INSTRUMENTS

Ensures purity of gas

ALTHOUGH VITAL for the preservation of life, oxygen in the wrong place can be a problem or even a killer. The dangers of as little as one part per million of oxygen in hydrogen or the hydrocarbons are well-known.

Where industry requires pure nitrogen or inert gases—say in metal treatment, air separation, semi-conductor manufacturing, cryogenic or polymerisation processes—gas purity must be assured.

Well proven product in the field of gas analysis is said to be the high sensitivity Trace O_2 Monitor made by Research Inc. of America, brought to this country by Astro Technology, 61 High Street, Fareham, Hants (0329 231337).

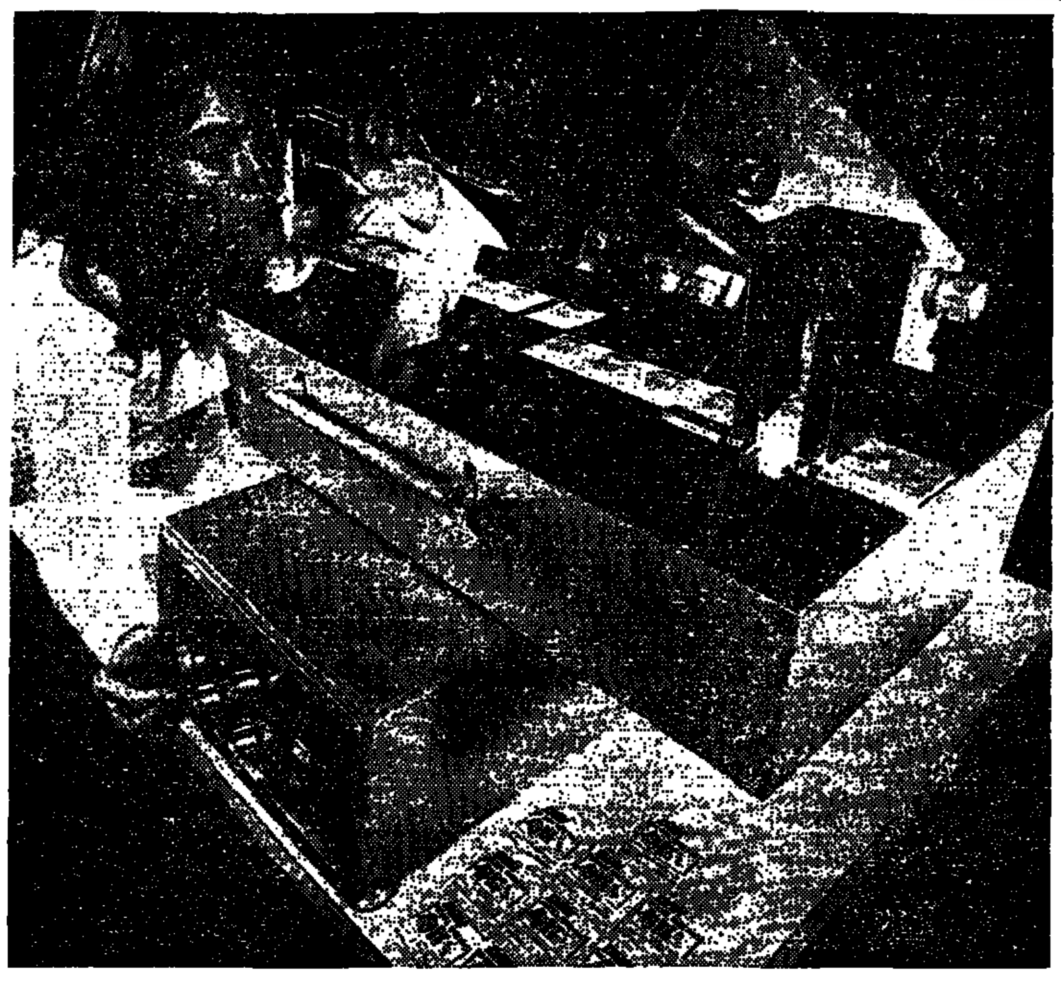
This contains complete analysis equipment in a two-part portable steel case measuring 15 x 15 x 6 ins and can be installed at any appropriate point in a process carrier gas stream.

A patented stable Ri/Hersch fuel cell, with a yield of about 93 per cent, converts virtually all the oxygen in a small sample of the gas to a 10 microampere signal for each ppm of oxygen.

Oxygen content is displayed on the panel meter which is either analog or digital, and various ranges are available—between 0-1 ppm to 0-2000 ppm—depending on application.

Also included is a humidifier, to prevent loss of moisture from the electrolyte, and a four-way valve to isolate the cell when not in use. Cell has an indefinite life, although periodic recharging is necessary. After charging, it will detect 100,000 ppm—i.e. 10,000 hours continuous operation with a gas stream containing 10 ppm of oxygen.

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*



This machine will print on thick film circuits, liquid crystal displays and related microelectronic components up to 102 x 102 mm at a registration better than plus or minus 25 microns. It is supplied by DEK Printing Machines, Granby Industrial Estate, Weymouth, Dorset DT4 6TH. It is stated that in its simplest form the machine is suitable for design and laboratory development of different sizes and types of thick film circuits. Loaded and unloaded by hand it will print about 500 substrates per hour. By adding a handling system to control the loading, register, printing and unloading of a vertical stack of substrates and by adding a collator that collects the printed substrate and locates them in rows on to a dryer or furnace belt, the throughput can be increased to over 1200 per hour. The machine has speed controls for print cycle and substrate feeds with interlocks to ensure that they both synchronise.

● QUALITY CONTROL

Big hardness testing unit

DOWTY ROTOL of Cheltenham has experienced difficulty in measuring hardness on the long undercarriage elements used in modern day aircraft because the instrument used for this purpose reached a maximum of 40 inches.

The company has now taken delivery of what is said to be the largest capacity Brinell Hardness Tester ever made by the Swedish Alpha company which is capable of measuring *components from a few inches* up to five feet in height.

Mounted on its own cast base-unit and resembling a pillar drill in concept, the Duresta's vertical threaded column carries a cantilever frame into which the Brinell measuring head is fitted. Adjustment of a large disc-shaped nut running on the column — against which the cantilever frame is biased by a counterweight system — allows vertical movement and fine positioning of the measuring head over a component.

Option is a fully motorised system which simplifies this raising and lowering of the measuring head through large *distances. Fine positioning can* also be achieved using a jog control to the motor, or by returning to hand operation of the nut.

Although the Duresta is designed to test items mounted on its own base, measuring head assembly may be rotated through 360 degrees around its support column to allow testing of bulky items positioned alongside the machine.

Further information from Hardness Control Instruments, Maylite Trading Estate, Martley, Worcs (088 66 493).

● MAINTENANCE

New Sturtevant products

FILLING THE gap between 3 and 7½ horse power capacity heavy duty vacuum cleaners for heavy duty cleaning and bulk collection, is a 5½ hp model called the Puma from Sturtevant Engineering, Westergate Road, Moulsecoomb Way, Brighton (0273 601666).

Second new product launched *by the company is the Grubber* —a mobile sump emptier for the easy cleaning of machine tool sumps, which filters and returns the coolant or oil back to the machine tool for re-use.

Machine promises to empty a 50 gallon sump in about 10 minutes—where formerly this operation could take around two hours.

Other benefits are that no material is left in the sump to *promote bacteria growth and the* Grubber is usable with soluble or neat oil.

● IN THE OFFICE

Records the calls

A COMPACT desk top unit which can be connected to a single telephone instrument and will record data about both outgoing and incoming calls has been made available in the UK by Swiss company Landis and Gyr through its subsidiary at Victoria Road, North Acton, London W3 6XS (01-992 5311).

The device has only three operational push buttons, an *on-off key switch and a ticket* roll printer. Control is essentially internal via a microprocessor so that both operation and *programming are simple.*

After each outgoing call the machine, called Monoprint, will print data which can include number dialled, date, time, duration, number of charge units and the charge. For incoming calls the printed slip will show whether the call has been answered or not, the date and time, and, if the call has been answered, its duration. The machine can be supplied to print in any language.

The unit will function on phone systems with or without pulse charging arrangements and the user can program it to *take account of additional costs* per call he may be subject to, using a special key.

● SAFETY

Avoiding accidents

DETAILED ADVICE—actually provided by contractors — on safe means of access by painters to most types of work in the painting industry, is contained in a new safety booklet published by the National Federation of Building Trades Employers, 82, New Cavendish Street, London, W1.

Copies of "Painting Safely" *cost 90p to members (or £1.25)* inclusive of p and p from the address above.

● CATERING

Cooking the perfect egg

PREPARATION AND precise timing for cooking eggs for mass consumption — in hospitals, hotels, schools, etc — have always created headaches for caterers, but these problems can be eliminated with the use of a new system, announces Gardiner Wilkinson Contracts, member of the Catering Equipment Distributors' Association, 397 Bradford Road, Huddersfield (Huddersfield 20447).

For boiling/timing requirements is the SS series available in the form of three alternative free-standing units containing two, three or four egg compartments, each of which has a container with a six-egg capacity.

With each compartment is an associated timer with a maximum duration of six minutes which is set to mechanically lift the egg container clear of the heated water when the time set by the operator has lapsed.

Alternative, P Series, offers both boiling and poaching facilities, and is available with two, three or four compartments. Poaching divisions contain two poaching cups, while the egg boiling compartments have a six-egg capacity. An additional model — the P4-2 — contains two compartments for either six poaching cups each or 12 eggs each.

Associated with each of these compartments is a mechanical *timer with a maximum duration* of 15 minutes; this is set by the user to determine the time for which the eggs are cooked under self-generated steam. Once the time has elapsed, the steam cooking time is automatically terminated.

● MATERIALS

Improves appearance

BECAUSE OF the problems of vandalism and graffiti in schools, council dwellings, public buildings and lifts, etc., surfaces have been treated with polyurethane wall coatings which, although able to stand up to tough maltreatment, are not necessarily very attractive in appeal.

One way of improving the appearance of durability-treated surfaces is by applying a light scatter of small coloured flakes designed for this purpose by the Boston Chemical Company, Wetherby, West Yorkshire (0937 843413).

Numerous colours of flakes *are available* and are applied by low-pressure air-guns to the wet colour coat, then embedded.

● PROCESSING

Precise mixing of resins

OFFERING small-to-medium scale plastics users a low cost system for metering a wide range of resin systems is a new machine called the Posimeter introduced by Liquid Control, Stewarts Road, Wellingborough, Northants (0933 77571). The new unit can be used particularly to fill Supermix cartridges —the company's recently launched system for dispensing two-part resins based on a coaxial cartridge unit.

At the heart of this small unit is a Posiload positive displacement pump with an adjustable volumetric shot range of 0.3 to 17 cc and a shot accuracy of ±0.5 per cent.

Single component materials are dispensed by simply pulling the lever mechanism: for two component resin systems, two units can be used—one for resin and one for hardener. With fairly low viscosity materials, the two pump *units can be* mechanically linked via a single lever mechanism.

The operator adjusts the knurled ring at the top of the unit until the correct ratio has been achieved by simply weighing the first shot, and this ring is then locked into position to provide consistent shots of resin and hardener at the correct ratio from 1:1 to 56:1 as desired. Material is fed into the unit via a hopper with a capacity of up to two litres.

Many users at this end of the market, says the company, are still mixing potentially hazardous resins by hand—but this small metering unit minimises hand contact, confines fumes, *decreases waste and reduces* clean-up time.

Machine stands on a small rectangular base which may be bolted in any convenient situation and can be used in a variety of industries where *small quantities of one or two* components materials, such as adhesives, need to be mixed.

COMPANY NOTICES

GENERAL MINING/UNION CORPORATION GROUP

DIVIDEND DECLARATIONS

NOTICE IS HEREBY GIVEN that dividends have been declared by the undermentioned companies, payable to shareholders registered at the close of business on 20th June 1980. The registers of members of the companies will be closed from 21st June 1980 to 4th July 1980 both days inclusive.

No instructions involving a change of the office of payment will be accepted after the last day to register.

The dividends are declared in the currency of the Republic of South Africa. Payments from the United Kingdom office will be made in United Kingdom currency at the rate of exchange ruling on the undermentioned currency conversion dates or the first day thereafter on which a rate of exchange is obtainable.

Dividend warrants will be posted on or about the dates mentioned below and in the case of non-resident shareholders, tax of 15 per cent will be deducted.

The full conditions of payment may be inspected at or obtained from the London office of the companies or the offices of the transfer secretaries.

All companies mentioned are incorporated in the Republic of South Africa.

Dividends on shares included in share warrants to bearer of West Rand Consolidated Mines Limited, will be paid in terms of a notice to be published as soon as possible after the currency conversion dates.

DIVIDENDS

Name of Company	Dividend No.	Per share cents	Currency Conversion date	Posting date	Description	Total Dividend for the year cents
Buffelsfontein Gold Mining Company Ltd.	46	430	28.7.80	7.8.80	Final	590
Stilfontein Gold Mining Company Ltd.	52	160	28.7.80	7.8.80	Interim	—
West Rand Consolidated Mines Ltd. —Ordinary Shares	98	7½	28.7.80	7.8.80	Interim	—
The Griqualand Exploration & Finance Company Ltd.	58	7½	11.8.80	21.8.80	Interim	—
Santrust Limited	28	37	11.8.80	21.8.80	Final	55
Trans-Natal Coal Corporation Ltd.	35	16	11.8.80	21.8.80	Final	30
The Clydesdale (Tvl) Collieries Ltd. —Ordinary Stock	134	30	11.8.80	21.8.80	Final	46

By order of the Boards
GENERAL MINING AND FINANCE CORPORATION LIMITED
London Secretaries
per: L. J. Baines

London Office:
Princes House,
95 Gresham Street,
London EC2V 7EN.

4th June, 1980

Transfer Secretaries:
Charter Consolidated Limited,
P.O. Box 102,
Charter House,
Park Street,
Ashford, Kent TN24 8EQ.

EUROPEAN DEPOSITARY RECEIPTS

REPRESENTING COMMON STOCK OF
HONDA MOTOR CO. LTD.

A distribution of $0.224 per depositary share less any applicable taxes will be payable on and after June 9, 1980, upon presentation of coupon No. 8 at the offices of any of the following depositaries:

MORGAN GUARANTY TRUST CY OF NEW YORK:

—New York, 30, West Broadway

—Brussels, 35, avenue des Arts

—London, 1, Angel Court

Amount payable after deduction of 15% Japanese tax $0.19

Amount payable after deduction of 20% Japanese tax $0.179

JARDINE, MATHESON & CO., LIMITED

HK$500,000,000 7½% CONVERTIBLE SUBORDINATED UNSECURED LOAN STOCK 1990

NOTICE IS HEREBY GIVEN that the register of holders of the 7½% convertible subordinated unsecured loan stock 1990 ("loan stock") will be closed from 17th June to 30th June 1980 (both dates inclusive) to establish the identity of those loan stockholders entitled to the half-yearly interest payment, payable on *30th June* 1980.

In order to qualify for the interest payment all transfers, accompanied by the relevant loan stock certificates, must be lodged with the company's registrars, central registration Hong Kong Limited, not later than 4.00 p.m. on 16th June 1980.

By Order of the Board.
K. W. YOUNG,
Company Secretary.

EDUCATIONAL

If you are taking (or have taken) 'A' levels this summer . . .

THINK SERIOUSLY OF A CAREER IN JOURNALISM

Would you be keen to become a newspaper reporter, interviewing people about community affairs and the unusual events that make news? Your job would be to report life as it is—warts and all—at courts, councils and elsewhere.

Like the idea? If you are likely to have two "A" levels and will be under 20 on September 1, 1980, write without delay to the address below for an application form for the NCTJ Newspaper Journalism one-year full-time course which starts that month, enclosing a 9in x 4in stamped and addressed envelope.

A full-time training course for a limited number is also available in Press Photography.

National Council for the Training of Journalists,
Carlton House, Hemnall Street, Epping, Essex CM16 4NL

LEGAL NOTICES

THE COMPANIES ACTS 1948 TO 1976

KELHAMPTON LIMITED
T/A HASLEMERE TOY SHOP

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at Thornton Baker, Fairfax House, Fulwood Place, London WC1V 6DW, on Wednesday, the 2nd day of July 1980, at 2.45 o'clock in the afternoon for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 23rd day of May 1980.
By Order of the Board,
SHEILA DUDGEON, Secretary.

THE COMPANIES ACTS 1948 TO 1976

RHINO LEASING LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at Thornton Baker, Fairfax House, Fulwood Place, London WC1V 6DW, on Wednesday, the 2nd day of July 1980 at 3.30 o'clock in the afternoon, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 23rd day of May 1980.
By Order of the Board.
SHEILA DUDGEON Secretary.

No. 00865 of 1980

In the HIGH COURT OF JUSTICE Chancery Division. Re: THE HEAVITREE BREWERY, LIMITED and re: the Companies Act 1948

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated the 28th day of April 1980 (inter alia) confirming the reduction of the capital of the above-named Company from £1,200,000.75 to £1,146,598 and the Minute approved by the Court showing with respect to the capital as altered the several *Particulars required by the above-*mentioned Act were registered by the Registrar of Companies on the 2nd day of May 1980.

Dated the 2nd day of June 1980
LINKLATERS & PAINES
Solicitors to the Company

THE COMPANIES ACTS 1948 TO 1976

RHINO PUBLISHING LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at Thornton Baker, Fairfax House, Fulwood Place, London WC1V 6DW on Wednesday, the 2nd day of July 1980, at 4.30 o'clock in the afternoon, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 23rd day of May 1980.
By Order of the Board,
SHEILA DUDGEON, Secretary.

THE COMPANIES ACTS 1948 TO 1976

STARFALL LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948 that a Meeting of the Creditors of the above-named Company will be held at Thornton Baker, Fairfax House, Fulwood Place, London WC1V 6DW on Wednesday, the 2nd day of July 1980 at 2.15 o'clock in the afternoon for the purposes mentioned in sections 294 and 295 of the said Act

Dated this 23rd day of May 1980
By Order of the Board,
SHEILA DUDGEON, Secretary

PUBLIC NOTICES

BRITISH TRANSPORT DOCKS BOARD

ARGHIRIS LINES/AKTHA SHIPPING CO. S.A.

Following calls of three vessels, the "*Norwegian Crusader*," "*Stena Transporter*" and "*Alpha Transporter*," during 1979, the following equipment is situated at Southampton Docks.

Three 20 ft Flats: Nos. AAAU 2102055, AAAU 2102013 and AAAU 2101629.

Five 20 ft Mafi Trailers: Nos. 20/25/0580, 20/25/0606, 20/25/0176, 20/25/0171 and 20/25/0605.

Two Road Trailers: 4003 FMX 262 (Blue), No Number—Orange Trailer (Netam Fruehauf).

These have been on hand for a minimum period of six months and the Board have tried to trace the owners without success. If within 28 days of the appearance of this notice the above property is not claimed, reasonable proof regarding title or suitable guarantee is not provided, and all outstanding charges paid, the Board will sell or otherwise dispose of the said property without further notice.

Applications in writing should be made to:—

Port Director,
British Transport Docks Board,
Dock House,
Canute Road,
Southampton, SO9 1PZ.

KIRKLEES METROPOLITAN COUNCIL offered £4,500,000 for issue on 28th May 1980 to mature on 27th August 1980. Tenders were received for £48,000,000 and all the Bills were allotted at 16 3/32% Net Discount. The total amount of Bills outstanding is £4,500,000.

SOLIHULL METROPOLITAN BOROUGH £3.0m Bills due on 3rd September, 1980 were offered on 4th June, 1980 and were allocated at a rate of 16 5-64ths%. Applications totalled £24m. This issue will bring the total of Bills outstanding to £4m.

EXETER CITY COUNCIL BILLS £350,000 Bills issued 4th June 1980 due 3rd September 1980 at 16 1/8%. Applications totalled £1,750,000. £350,000 Bills are outstanding.

FIFE REGIONAL COUNCIL £2m 91 day Bills issued 4.6.80, due 3.9.80 at 16 5-64ths%. Applications totalled £16m. Outstanding £4m.

EUROBONDS

The Association of International Bond Dealers Quotations and Yields appears monthly in the Financial Times.

It will be published on the following dates in the remainder of 1980:

July 14
August 12
September 15
October 14
November 11
December 16

There is a limited amount of advertising space available each month: if your company is interested in taking advantage of this offer please contact:

The Financial Advertisement Department on 01-248 8000 Ext. 424 or 389

For information on rates, sizes and space availability contact: John Wisbey Financial Times 10 Cannon Street, EC4P 4BY 01-248 5681

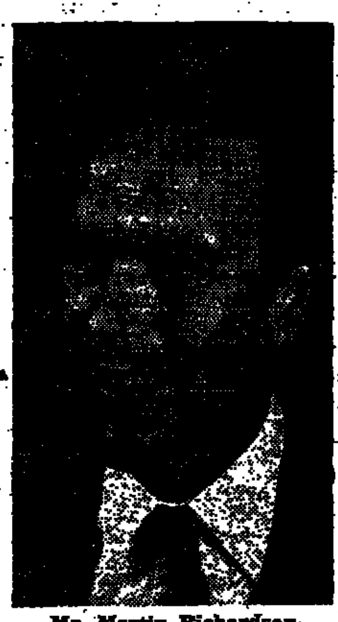
Business and Investment Opportunities

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

Every Tuesday and Thursday £23 per single column centimetre-Min. 3 cms

APPOINTMENTS

Senior posts at Plessey



Mr. Martin Richardson

Mr. Martin Richardson has been appointed a managing director of PLESSEY AVIONICS AND COMMUNICATIONS and will be succeeded as director of finance of PLESSEY ELECTRONIC SYSTEMS by Mr. Christopher Beenham. Mr. Beenham was previously finance director of Mirrlees Blackstone. Within the Communications Equipment Division, Plessey Electronics Systems has also established a new business out of activities located at its site at West Leigh, near Havant, Hants. It is to be known as Plessey Radio Systems and Mr. Alan Hendry has become managing director of that concern.

★

Mr. Alan Knisely has retired from the NATIONAL ASSOCIATION OF STEEL STOCKHOLDERS.

★

Mr. Oliver N. Dawson and Mr. Julian R. Mathias will be resigning their memberships of the Stock Exchange early in 1981 when they will be appointed executive directors of F. & C. MANAGEMENT, the management company of the F. & C. Group of Investment Trusts.

★

Mr. Derek Bandey, president of the SOCIETY OF PENSION CONSULTANTS for the past two years, has been elected president for a second term.

★

Mr. Neil Marsh has been appointed a director of TOMKINSONS CARPETS. He continues as managing director of Steeles Carpets.

★

Mr. Peter V. Aldiss has been appointed a director of CLEGHORN WILTON AND ASSOCIATES and will be responsible for the company's legal, administrative and commercial matters.

★

Mr. Howard C. Everett has been appointed financial director of MAXIM INVESTMENTS UK HOLDINGS.

★

Mr. J. V. Sheffield, chairman or Norcros, is the new chairman of the BUSINESS EDUCATION COUNCIL.

★

Mr. Colin Crook, at present managing director of Rank Precision Industries, is to relinquish that post to become the managing director of a new subsidiary to be formed by the RANK ORGANISATION to exploit specific business opportunities in software engineering and systems technology arising from the microcomputer revolution. It will not be involved in the manufacture of silicon chips, but will be concerned with the industrial, commercial and professional application of them.

Mr. Colin Crook

The company, to be named shortly, is a totally new venture for Rank and it will operate in the UK, U.S. and West Germany.

Mr. Crook joined the Rank Organisation in July 1978 and took up his present position in August of that year. He had previously been director of advanced systems and group operations manager for microproducts for Motorola Semiconductor Group Inc., and was based in Austin, Texas. He was responsible for Motorola's microcomputer programme.

★

GENERAL ACCIDENT FIRE AND LIFE ASSURANCE CORPORATION has made three senior appointments from September 1. Mr. J. C. Frangoulis is to be a general manager; Mr. T. Roberts, general manager (UK); and Mr. W. N. Robertson, a general manager. In addition, Mr. F. M G. Cadie, general manager of subsidiary Scottish Boiler and General Insurance, has been appointed a director of that Board.

★

Mr. A. M. Gorsuch has been appointed to the Board of GARDNER MOUNTAIN AND CAPEL-CURE AGENCIES, part of the Hogg Robinson Group.

★

Mr. R. B. Silver is to become operations director, Warrington Division, of THAMES BOARD, joining the company on June 30 from Thames Case, where he is at present director of the special products division. Mr. Silver will have additional responsibility for sales and marketing of all Cartonboards.

★

Mr. Geoffrey Burdett has been appointed head of public affairs department of NATIONAL WESTMINSTER BANK. Since 1971 he has been chief manager of the Access Department of NatWest.

★

Mr. Leslie Hall has been appointed chairman of EWBANK INTERNATIONAL CONSULTANTS (PRIVATE), the Dubai-based member of the Ewbank Consulting Group. He takes over from Mr. Anthony Sage, who remains a director of Ewbank Dubai.

★

Mr. J. A. Sankson has been appointed company secretary of A. MONK AND CO.

★

Sir Ashley Ponsonby has been appointed a vice-president of the EQUITABLE LIFE ASSURANCE SOCIETY. Mr. W. M. Cunningham has retired as a director.

★

Mr. Stanley J. Czarnomski has been appointed by AMAX INC. as controller of the industrial minerals and resources group, which includes iron ore, potash, phosphate and ocean transport.

★

The Secretary for Employment has appointed Mr. John Connolly and Mr. Dennis Kelly to the NATIONAL DOCK LABOUR BOARD to represent dock workers. They replace Mr. Peter Shea and Mr. A. Rafferty. The new appointments are until July 31, 1981.

★

Mr. Derek Stables, former divisional personnel manager for Ciba-Geigy Plastics and Additives Company's industrial chemicals division, has been appointed director of management training and education for CIBA-GEIGY (UK).

★

Mr. Patrick S. O'Connor, Mr. William T. Martin, Mr. Geoffrey Lander and Mr. Graham M. East have been admitted to the partnership of NABARRO NATHANSON.

★

Mr. Simon Cussons has resigned from the Board of PATERSON ZOCHONIS AND CO. to devote more time to the development of his business and personal interests.

★

Mr. Asad Nasr has been re-elected chairman of the Board and president of MIDDLE EAST AIRLINES for the next three years.

★

Lord Thorneycroft has been elected chairman of the BRITISH RESERVE INSURANCE COMPANY, a member of the Riunione Adriatica di Sicurta group. Sir Charles Forte has resigned to reduce his business commitments but he remains a director. Mr. John J. Rea continues as managing director.

Racal regrouping

Full details of changes at RACAL after the group reorganisation on the takeover of DECCA (reported yesterday) are as follows.

The board of Decca now consists of Mr. E. T. Harrison (chairman and chief executive), Mr. W. L. Spalding, Mr. D. C. Elsbury, Mr. D. W. Morrell, Admiral of the Fleet Sir Edward Ashmore, Mr. J. E. Coates and Mr. G. J. Lomer. Mr. N. N. Graham Maw and Sir Martin Flett have resigned from the Board of that company and Mr. Maw has become a non-executive director of Racal Electronics.

RACAL-DECCA has been formed as a subsidiary of Decca to become the parent company of all the Decca capital goods businesses. Mr. Elsbury, a deputy managing director of Racal Electronics, heads the new concern as chairman and chief executive. He will be chairman of each of its subsidiaries and will be based at Chessington, Surrey. Mr. John A. Trubee, previously financial director of Racal-Tacticom has been appointed financial director of Racal-Decca.

Subsidiaries of Racal-Decca will be: Racal-Decca Marine Radar (formerly Decca Radar), Racal-Decca Defence Systems (Radar) (a new company), Racal-Decca Navigator (formerly Decca Navigator) and Racal-Decca Survey (formerly Decca Survey).

Racal-Decca Defence Systems (Radar) is being established to handle all the electronic warfare and certain defence businesses which were previously a part of the marine radar company. Mr. Barton J. Clarke is director-in-charge of that company.

Mr. Gerry A. Whent has been made chairman of Racal-Tacticom and Racal Communications and he continues as managing director of Racal-Tacticom. Mr. W. Blake is now deputy chairman of Racal-Tacticom and Racal Communications and he remains managing director of Racal Communications.

Other appointments are: Mr. David A. H. Chenery as deputy managing director and commercial director, Racal Communications, Mr. David E. Mackinney, financial director, Racal-Tacticom, and Mr. Don J. Chapman, production director, Racal-Decca Defence Systems (Radar).

FINANCIAL TIMES SURVEY

Thursday June 5 1980

ARAB COMMUNICATIONS

Throughout the Gulf region and neighbouring Arab world huge investments are being made in communications networks of all kinds. The drive to modernise the regional economy has broken down barriers which have stood for centuries.

Links in the chain of progress

By Patrick Cockburn

IN THE years since the 1973/74 oil boom communications in the Middle East have undergone a spectacular revolution.

Sometime sob stories of businessmen sleeping in grimy hotel lobbies at vast expense and shippers whose vessels were anchored for months outside congested ports now have a dated air.

Much still remains to be done. Off the southern Iraqi ports of Basra and Umm Qasr, for instance, there are 150 ships waiting to berth. In Egypt, despite some improvement, the telephone system still reduces its users to paroxysms of impatience. All over the Arab world modern highways still have an unnerving habit of suddenly petering out into narrow dusty cart tracks.

Generally speaking, however, the transformation of the communications networks—road, sea, air and telecommunications—has gone ahead at extraordinary speed. A change was certainly needed. Historically the cities of the Middle East have always been like islands, surrounded by a narrow hinterland of cultivated land, each isolated from its neighbour by long dreary stretches of wasteland, desert and mountain.

The very size of countries like Saudi Arabia, one-third the area of the U.S., means that adequate communications are a necessity before any economic progress can be achieved.

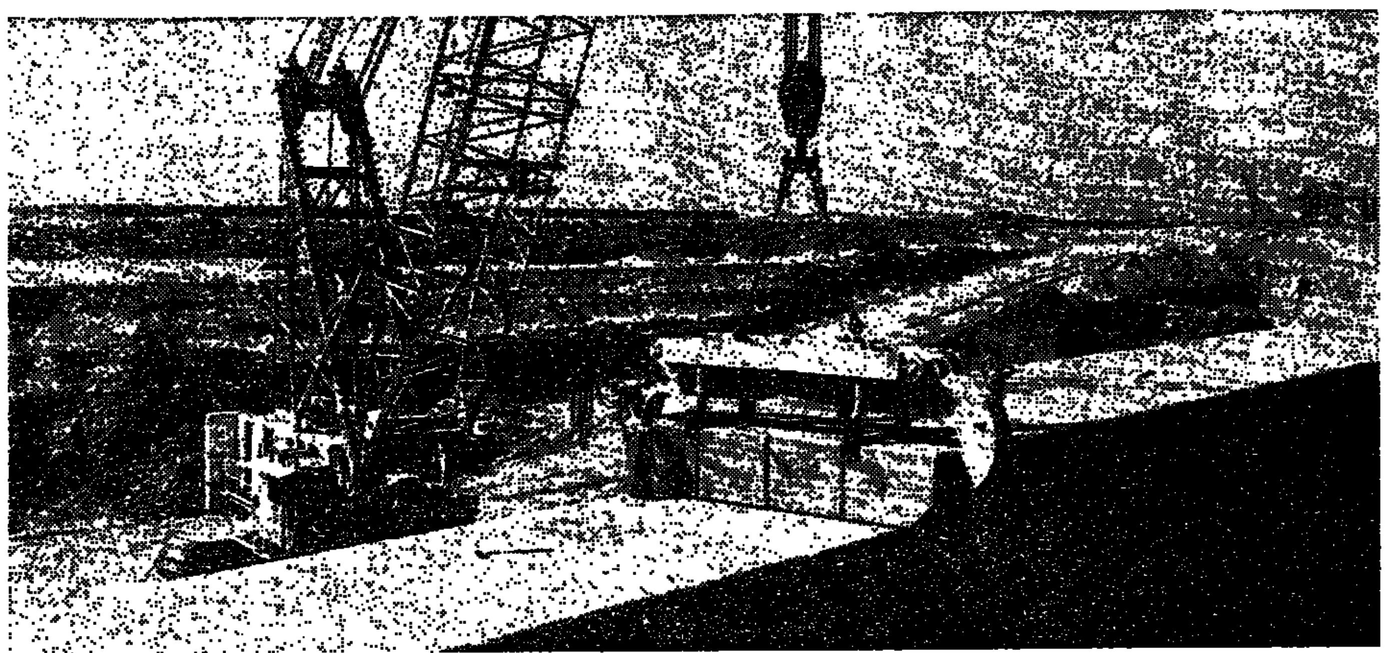
Today the threat to trade or personal access is less economic than political. The Suez Canal is open again but there are no signs of Beirut, shattered by the 1975-76 civil war, ever returning to its old status as the regional centre for the Middle East.

Indeed a problem for the area as a whole is that there is no central communication point such as that which was once centred in Beirut. For business, even sometimes for politics, London and Paris are often more satisfactory meeting places than anywhere within the Arab world itself.

Manoeuvres

The revolution in Iran has brought further difficulties for communications. Last year's row over war risk insurance in the Gulf appears to have died away for the moment but the manoeuvres of the U.S. fleet at the mouth of the Gulf is a worrying portent for the 1980s. The separate Iraqi-Syrian dispute, despite a thaw in 1978-79 once again threatens to disrupt overland links between the Syrian Mediterranean ports and the Gulf.

The sanctions by the EEC, the U.S. and Japan against Iran inevitably has its compensations. Dubai and Kuwait will clearly benefit through a rapid growth in re-export trade. Overland trucking through Turkey is already being stepped up but in general the air of crisis which pervades so much of the Arab world inevitably hinders communications. For businessmen a good telephone system is a relief but this is often balanced in Saudi Arabia, Iraq and Libya by a simple inability to obtain visas.



One of the biggest projects in the Gulf is the £1bn port complex being constructed at Mina Jebel Ali in Dubai. Scheduled for completion early next year, it will have 66 berths. Shown here are the special hydraulic tongs used to place the quay wall blocks

Despite all the technological advances in communications such simple—yet frequently insurmountable—hazards show every sign of increasing.

The greatest interest today is in telecommunications rather than sea ports and airports. Saudi Arabia and the lower Gulf is now well provided with the latter, though Iraq, now the second largest oil exporter in OPEC still has significant problems. The contract for Baghdad airport was only signed last year—to be completed in 1982. Elsewhere the problem is too many rather than too few facilities, notably in the United Arab Emirates, where unused airports and harbours remain as sombre monuments to the over-optimistic aspirations of the early 1970s.

National airlines continue to expand to cope with the growing traffic. This year they will carry almost 20m passengers, an increase of 15 per cent on 1979 To increase carrying capacity and replace some ageing aircraft, the Arab world should order some 300 jet airliners worth $5bn over the next decade. As the most successful manufacturer selling to the area Boeing is best placed to take advantage of this market.

But the sums to be spent on air transport are now smaller than those allocated for a rapid expansion in the telecommunications network between 1979 and 1981 3.5m new telephone lines are likely to be installed and an additional 3.8m between 1981 and 1985. The biggest contract awarded was, predictably, in Saudi Arabia where a Euro-Canadian group is adding an additional 460,000 lines. But even when this is completed Saudi Arabia will still be well short of the 1m lines needed. Some SR 18bn ($5.4bn) is allocated for Saudi telecommunications in the next five year plan.

Egypt, which has plans for a total overhaul of the telephone system over the next 20 years, could spend up to $20bn. But there are clearly immense difficulties in keeping the present antique system in operation. Iraq and Syria are also proving expanding markets.

But even in the more developed Arab countries it is difficult for demand to keep up with supply. In Bahrain, for instance demand for telephones increased in 1975 from 150 to 750 units a month. Businesses get priority for telephone installation but private subscribers have in the past have had to wait a long time.

Candidates

Without a reasonable telephone and telex system it is unlikely that the offshore banking units would have gone to Bahrain, which has become the communications centre for the Gulf. Other candidates for this role, such as Dubai, have been less successful. Almost everywhere in the emirates, apart from Abu Dhabi, magnificent but largely empty hotels show the limits to the market.

Road communications and car ownership have expanded as spectacularly as the airlines. Saudi Arabia already has as many heavy trucks as the UK—while a list of the leading merchant families of the Gulf and Saudi Arabia is also largely a list of the main agents for Western and Japanese car manufacturers. The state of the roads and the quality of driving ensures that the life expectancy of any vehicle is limited, and hence the flow of imports will always find new, albeit highly competitive, markets.

The road network, although being extended rapidly, is still inadequate. There is no metalled road linking North Yemen to Saudi Arabia, although one is under construction. Later this year a road between Khartoum and Port Sudan on the Red Sea will transform the transport structure of Sudan.

In the Gulf oil States the most vital roads are already built. At the beginning of the decade there was no road between Dubai and Abu Dhabi but now the south of the pensinsula is linked to the Gulf cities by a fine road snaking through the hills. In Saudi Arabia, Iraq and Jordan the roads will be supplemented by new railway systems.

Such technical progress is impressive but its counterpart is growing political obstacles to communications. As the political climate in the area worsens, barriers to travel increase. Better roads, airlines, telephones have all helped to make the Arab world a more coherent whole but closer physical links between neighbouring Arab States have also played their part in increasing friction between neighbouring States.

CONTENTS

Growth in air travel . . .

AIR TRAVEL to, from and within the Middle East has been *growing rapidly in recent years*, reflecting the economic upsurge of that region. Recent studies by the International Air Transport Association indicate that in the period up to 1984 passenger air travel between Europe and the Middle East is expected to grow at an average annual rate ofa bout 10.6 per cent, slightly below than earlier forecasts but stil labove the IATA average for the rest of the world.

This estimate takes account of the developments in Iran over the past year or so, and also economic factors which in'uence civil aviation—such as the repid rise in oil prices. The forecast also takes account of the fact that while some major development projects in various parts of hte Middle East have now been completed, reducing demand for air transport to some extent, the longer term prospects are for continued substantial investment in the region, generating not only increased travel to it from outside. but also a substantial rise in the volume of internal air travel, and especially business travel.

In the Middle East, more so perhaps that in many other parts of the developing world, civil aviation is much more than just a business operation. It is the principle vehicle whereby all parts of this vast region are linked together, improving social and cultural as well as economic and political ties. Mr. Salim Salaam, secretary-general of the Arab Air Carriers Organisation, says that "commercial aviation is definitely at the centre of our lives and must be enabled to play its role in the best and most stable manner."

The major airlines of the Arab world (Air Algerie, Alia of Jordan, Egyptair, Gulf Air, Iraqui Airways, Kuwait Airways, Libyan Arab, Middle East Airlines of Lebanon, Saudia of Saudi Arabia, Syrian Arab and Tunis Air) are collectively carried more than 17m passengers, or just over 10 per cent more than in 1978, and this figure is expected to come close to 20m for the current year.

The biggest single expansion by any airline was recorded by Saudia, whose traffic rose by about 26 per cent to reach just under 8m. This is expected to *rise further in 1980 to reach* just over 9m, reflecting the very substantial contribution that civil aviation is making to the internal development of Saudi Arabia as well as internationally.

Dependence

Collectively, the fleet of these airlines totals just under 200 aircraft, of which the majority (about 160) are jets of various kinds. Although the wide-bodied airliners *figure prominently* in the fleets of some carriers, notably, Boeing 747 Jumbos in MEA and Saudia, and Lockheed TriStars with obth Gulf Air and Saudia, it is significant that a substantial proportion of the jet fleet, around one-third still *consists of ageing Boeing 707* aircraft, while there is also a heavy dependence upon short-to-medium range equipment such as Boeing 727s and 737s (over 80 aircraft in all), reflecting the regional nature of many of the airlines' operations.

The Middle East is thus regarded by the major manufacturers as offering one of the biggest future sales opportunities in civil aviation. It is estimated that during the 1980s probably as many as 300 new jet airliners of various kinds, worth upwards of \$5bn, are likely to be ordered both to meet traffic growth and to replace existing ageing airliners.

All the major manufacturers are lobbying hard in the area. Boeing of the U.S. sees a *possible future market for* upwards of 200 aircraft of its own types — not only more 747s but also substantial numbers of new short-to-medium-range semi-wide-bodied 767s and smaller 757s and additional short-range 737s — worth over \$3bn. Lockheed *hopes to sell* more *TriStars*, especially of the long-range Series 500 model.

So far, McDonnell Douglas has not penetrated the Arab market with either its long-range DC-10 or new short-range Super DC-9, and Airbus Industrie has only won sales from Egyptair and Tunis Air, so that for both manufacturers the opportunities are regarded as very substantial.

Among airlines in the region which are expected soon to settle thier re-equipment plans are Middle East Airlines and Kuwait Airways, but over the next two to three years the orders by others are also likely to build *up rapidly*.

Middle East Airlines, of the Lebanon, which has had a tough fight to survive in the recent past as a result of the civil wars in that country, now believes that it is through the worst times, and is hoping for a record profit for 1979 when the accounts are issued soon. Mr. Fernand Saada, UK general manager, says that "we feel there are positive signs that things are at last beginning to move in the right direction." The airline's re-equipment programme, replacing its ageing Boeing 707 and 720 airliners with wide-bodies, will be one of the biggest in the region. The examination over the past year or so has covered all the wide-bodied jets available, from the A-300 Airbus up to the Boeing 747 Jumbo jet. At least ten aircraft are likely to be ordered initially, with substantially more coming through the rest of the 1980s.

A compartively recent feature of Arab airline development is the emergence of international collaboration.

The possibility of *some* of the airlines in the Middle East getting together to buy common equipment, *along* the lines of the European Atlas and KSSU consortia, is now under discussion, with such airlines as MEA, Alia of Jordan, Gulf Air, Kuwait Airways and Saudia all interested. It is envisaged that such a group would, on the European model, be loose associations of airlines that would hope to achieve substantial economies in maintenance costs by the procurement of the same types of equipment, which would also facilitate crew training, and allow for the interchange of aircraft and spares between airlines when special needs arose, such as the annual pilgrimage to Mecca.

Computer

Another collaborative development of considerable long-*term* significance to the Arab airlines in the Middle East will be the operation from about 1982 of a big new \$40m reservations computer that is being financed by 10 airlines; it will be based in Bahrain and available to all the contributing operators. *This is likely* to revolutionise the sales capacities of these airlines, which hitherto (apart from Gulf Air, which has a computer system) have been obliged to buy sales and reservations computer time from other big non-Arab airlines.

The Arab airlines will probably set up an operations company to run the computer, and a separate holdings company to own the facilities. Although initially intended for reservations purposes, eventually the computer facilities envisaged could be enlarged to take in many aeronautical activities, such as detailed flight planning, inventory controls, payrolls and cargo *facilitation*, as *is* already done by computers run by major Western airlines. Saudia is likely to be the biggest user of the system, followed by Gulf Air and MEA. Iraqui Airways was originally involved, but withdrew when it was decided to use Iraq's own central Government computer for the airline's needs.

For the longer term, another new development under discussion is the formation of a new Arab consortium airline that would poerate long-haul flights between points in the Middle East and the U.S., South America and the Far East. Initially, Saudia, Middle East *Airlines*, *Alia of Jordan*, Kuwait Airways and Gulf Air have been principally engaged in the discussions, but the aim is ot open the consortium for all Arab carriers. The consortium airline, the name of which has not yet been settled (but may be Pan Arab Airlines), would be financed by its contributing members (which would continue to operate their own separate route networks, as hitherto), and it would have its own long-haul equipment and operate as an airline in its own *right with the contributing* members of the consortium sharing the resulting profits (or losses).

Originally, it was thought that such a consortium operation would include Concorde flights between the Middle East and New York, via France. While this idea has not been entirely dismissed, it seems more likely that the consortium would initially use subsonic long-range jet equipment, such as Boeing 747s McDonnell *Douglas DC-10s or Lockheed* Series 500 TriStars.

One of the longer-term problems that the bigger airlines of the West will have to watch carefully is the growth of "regionalism"—a closer banding together of Arab airlines in the face of what they regard as lack of interest shown by the western carriers in Arab civil aviation's own development and needs. The Arab airlines have *already* expressed their irritation at the way in which some Western airlins have established new end-to-end routes (at cheaper fares) that treverse the Middle East whilst denying the Arab carriers any share of the traffic generated.

Objections

This is a similar objection to that raised last year by the airlines of ASEAN (Singapore, Malaysia, Indonesia, Thailand and the Philippines) at the new Australian International Civil Aviation Policy (ICAP)—which they claimed was denying them a share of the increased cheap-fare traffic travelling between Europe and Australia through their own territories.

So far the Arab airlines' protests have only gone as far as trying to force a resolution through last year's annual meting of the *International* Air Transport Association in Manila, in common with the African Airlines' Association, that would *oblige* all *members* of the IATA to negotiate routes and fares through that body, and thus outlaw "bilateralism"—the stitching up of end-to-end routes by big airlines of the developed countries at the expense of smaller Third World operators in between. The resolution was watered down, however, by the bigger airlines, and thus its effect virtually nullified, because they could see in it the danger to themselves.

But the cause of the irritation remains, and it is not *surprising that in recent months* there has been a marked strengthening of regional interest, not only in the Arab World but also in Africa and the ASEAN airlines. This growth of regionalism in air transport affairs, if carried to its logical extreme, can only be damaging to the airlines of the West, unless the latter recognise that they must pay more attention to the needs of the smaller developing carriers of the Third World, including particularly those of the Arab world.

Michael Donne

. . . and airport expansion to match

IT IS estimated that during 1979 the major airports in the Arab world between them handled more than 20m passengers, a rise of close to 30 per cent, reflecting the booming air traffic to, from, within and through the region.

For the coming year, although recession in the Western world has substantially reduced forecasts of traffic growth, it seems likely that the Arab countries as a whole, and especially those of the Middle East, will continue to enjoy a period of considerable expansion, and total traffic at the main airports of close to 25m passengers is possible.

To cope with this expansion, which is expected to continue through to the end of the century at comparably high rates, there is a major programme of airport improvements under way, supported by a *substantial number of new* airport developments, ranging from small local airfields to massive multi-runway developments such as new airports at Riyadh and Jeddah.

It has been estimated that, throughout the developing world as a whole some £40bn is likely to be sepnt on airports and all their ancillary services over the next decade, and that of this sum perhaps as much as one-third is likely to be spent in the Arab world, and especially the Middle East.

Programme

By far the biggest programme of airport developments in the *Arab world is* that being undertaken in Saudi Arabia, where the Saudi Arabian International Airports Projects (IAP) orgawnisation has been set up specifically to administer the construction of the three major new international airports in that country—Riyadh, Jeddah and Dhahran. At the same time a major programme of airport improvements and developments is being undertaken throughout the country, at such airports as Qassim, Hail, Bisha, *Abha, Jizan, Wajh, Taif, Khafji*, Qorayat and Rafha, mostly to cope with the rapidly expanding domestic traffic throughout the Kingdom.

Riyadh's new international airport is due to be opened in 1983. It is designed to meet the air traffic needs of the capital up to the end of this century. Sited about 35 km north of the city it is designed to cope with as many as 15m passengers annually by the year 2000. It will be in effect a city in itself, with two large new terminals, a Royal Pavilion, and a 390-metre ceremonial road leading to a Great Mosque that will be capable of holding 5,000 *worshippers*.

The new Jeddah Airport, which is costing about SR11bn (over £1.4bn) is sited some 12 miles north of the city, and also is a masive airport which when completed will be one and a half times bigger than five of the busiest U.S. airports (Kennedy, La Guardia, Newark, Chicago and Los Angeles International) put together, and covering over 105 sq km. It is expected to become the busiest airport in the Middle East, especially at the time of the annual pilgrimage to Mecca, when it will be handling up to 80,000 pilgrims in addition to other passengers every day by the end of the century.

Completed

The new Jeddah airport has two parallel runways, one 10,890 feet long and the other 12,540 feet, both of which have been completed. Phase One construction began in 1974, and besides the runways has included the northern (international) and southern (both international and domestic) passenger terminals, a TriStar maintenance and overhaul facility, air cargo terminals, food service buildings, and various airport utilities and *support buildings, including* navigation aids, a Royal Pavilion, part one of a desalination plant, communications system and mobile lounges to take passengers to their aircraft.

Phase Two, to be completed by 1985, will include a new Jumbo jet hangar, a Royal Saudi Air Force Base, a big separate pilgrims' terminal, Saudi Arabian Airlines, own new maintenance and overhaul base, special flight services and *general aviation facilities*, hospital and quarantine facilities, airport administration building, an air mail terminal and the second phase of the desalination plant.

The airport will include four mosques—in the south terminal, air force base, quarantine facility and Haj terminal—with prayer rooms in other buildings. The main operations aprons will accommodate 44 aircraft, ranging from 747s to small Boeing 737s. The separate Haj terminal will have two aircraft aprons, each capable of 10 gate positions and 13 holding positions, so that 20 big jets of jumbo size can be at the gates *with another 26 at the holding* positions at any one time.

The Haj terminal itself, at the northern end of the north terminal, will consist of two separate structures, each 2,460 feet long by 1,115 feet wide, on either side of a central hall. Each structure will have five "modules," each in turn capable of handling 8,000 pilgrims a day, giving the grand total of 80,000 pilgrims a day. The Haj terminals will be topped by the world's largest fabric roofs—5,000 square feet of fibreglass materials coated with Teflon and shaped like tents.

The first part of the new Jeddah airport is due to come into operation later this summer. The new airport is expected to handle more than 5.5m passengers in its first full year, rising to over 11m a year by 1990, with the number of aircraft movements rising from 80,000 to 119,000 a year by the end of this decade.

Construction manager for the Jeddah airport is Saudi Arabian Parsons/Daniel International (Saudi Arabia), a joint U.S./Saudi venture. The main contractor, Hochtief, is West German, the architects and consultents are American, and the many sub-contractors come from Germany, Italy, the U.S., the UK, Japan, Saudi Arabia itself and other countries.

Selected

A site has been selected for the new airport at Dhahran, 43 kilometres north-west of Dhahran and 36 kilometres west of Damman. Construction is expectedto begin in 1981, with the first phase expected to be completed about four years later.

Many other major airport developments are taking place in the Arab world.

In the Lebanon Beirut International Airport is to be expanded to handle 6m passengers a year by 1990, compared with the present 1.5m, at a cost of close to \$300m. The programme involves susbtantial modification of the existing terminal, with the addition of 65,000 sq m of floor space, and including the provision of new airline offices and relocation of be a new 3,780 m runway, fuel stores. Also involved will equipped for full instrument landings, a new air cargo zone, including hangars, warehouses and workshops, and additional parking space for cars. The work will be undertaken while the existing airport continues to function normally and is able to cope with up to 16 aircraft at any one time.

Feasibility

The Bahrain Civil Aviation Directorate recently awarded a contract to British Airports International (BAI—jointly owned by the British Airports Authority and International Aeradio) to prepare a master plan and feasibility study for the *development* of Bahrain International Airport. This study will result in a development plan designed to meet the projected needs of the airport in terms of both passengers and cargo over the next 15 years. BAI will be working on the venture in association with Sir Alexander Gibb and Partners and British Airways Associated Companies.

The International Civil Aviation Organisation (ICAO—the aviation technical agency of the UN) is also playing a significant role in the development of airports in the Arab world as part of its overall technical assistance programme for the developing countries, which has exceeded \$175m since 1972.

Among such programmes aided by ICAO has been the new Hodeidah Airport in Yemen, which was formally opened on September 27 last, as part of an overall civil aviation *development plan for that* country which includes the development also of Sana'a (the capital) and Taiz airports as well as the preparation of preliminary sketch plans for nine domestic airfields. Forecasts indicate that with the new programme, air traffic to and from the Yemen could rise to as much as 256,000 passengers by 1985.

In the Sudan there are plans for improvements to Khartoum airport, including a runway extension to 2,930 metres so that it can accept wide-bodied jets, and also further long-term plans for all Sudan's airfields.

Michael Donne

Home fleets build up

THE TENSION in the Middle East and the chronic overcapacity in the market for Very Large Crude Carriers (VLCCs) have tended to distract attention from the steady growth in Arab shipping fleets over the past few years.

When oil prices first went through the roof in the mid-1970s there were suggestions that the wealthier Middle East oil States would embark on a hectic expansion of their oil tanker fleets.

The Arab countries are in general keen to build up their own shipping fleets and have figured prominently in the various debates of the United Nations Conference on Trade and Development (UNCTAD) which have been concerned with directing more traffic to countries of cargo origin.

Their original desire to become major shipowning countries has been tempered, however, by experience during the late 1970s. Arab shipping fleets have been suffering the effects of the world's worst shipping recession for 50 years, just like everybody else.

In common with the world's major tanker fleets, the infant Arab tanker fleets have had to face depressed freight rates and this has led their owners to rethink their earlier ambitious investment programmes.

Up to 85 per cent of Middle East general cargo is thought to be eligible for containerisation

Reversed

At the end of 1977 the Arab Maritime Petroleum Transport Company (AMPTC), which is owned by all the leading Arab States, announced that it was going to invest $200m in expanding its fleet of small tankers and oil products carriers. A few months later this policy was reversed and the company started buying cheaper secondhand vessels. This, however, did not prevent it running up sizeable losses and requiring subsidies from its shareholders.

The story is much the same in the dry cargo market. The collapse of the Middle East shipping boom in 1977 led to the United Arab Shipping Company (UASC), the standard bearer for Pan-Arab shipping aspirations, turning in heavy losses.

With the recent rise in oil prices the dry cargo markets, at least in the Middle East, have started to recover as the increased purchasing power filters through the economy.

Despite this, there is still serious overcapacity on many trade routes and the build-up of Arab shipping fleets has suffered from the shortage of trained seamen—a problem exacerbated by the ostracisation of Egypt, the one country which has a large pool of potential seafarers.

Nevertheless the size of the Arab shipping fleet has been growing considerably faster than the overall world shipping fleet. In 1967 it amounted to just 1m grt., as against a world fleet of 182m grt.

On the eve of the first rise in Arab oil prices in 1973 the Arab shipping fleet totalled 3.3m grt, compared with a total world fleet of 290m grt.

The latest figures, which run up to July 1979 show that in the intervening period the world fleet has grown by 42 per cent to 413m grt while the Arab shipping fleet has grown roughly four times as fast to 9m grt.

Over the last couple of years the growth in the world shipping fleet has slowed, but the Arab shipping fleet has continued to expand. Kuwait has the largest Arab shipping fleet, with 270 ships of 2.4m grt. Last year its fleet grew by over 8 per cent and the Algerian fleet (132 ships totalling 1.3m grt) grew by 9.2 per cent.

Meanwhile Saudi Arabia, which had only 58,000 grt of shipping in 1972, increased its shipping fleet by 16 per cent to 1.4m grt last year.

The growth in the Arab shipping fleets will continue at an above-average rate. Kuwait in particular seems destined to expand its tanker fleet by a very sizeable amount over the next couple of years.

Indication

Figures on new shipbuilding orders are often unreliable and conflicting but they give an indication of the scale and direction of new investment in shipping. Although Lloyd's merchant shipbuilding returns for the first quarter do not record any orders for Kuwait, Fairplay International's world shipbuilding statistics show that Kuwait had 13 tankers of under 150,000 dwt on order and two tankers of 270,000 dwt.

According to the 1980 Fairplay World Shipping yearbook, the Kuwaiti Government-owned, Kuwait Oil Tanker Company has a fleet of 2.1m dwt and ships on order will increase the size of the fleet by two thirds.

Other Arab countries also have a number of orders in the pipeline which will increase the size of their fleet. The Algerian Government-controlled Compagnie Nationale Algerienne de Navigation (CNAN) is building two liquefied natural gas carriers at the French shipyard Chantiers de L'Atlantique, Algeria also has several container ships on order. Egyptian Navigation has around a dozen dry cargo ships on order at Egyptian yards.

All these orders will swell the size of the Arab merchant shipping fleet. Even so the Arab fleet represents only just over 2 per cent of the total world shipping fleet and it will be several decades before the Arab world can carry the bulk of its cargoes in its own bottoms. For the time being the majority of shipping services in the Arab world are dominated by non-Arab shipping companies.

At one extreme there is P & O's 33-year-old Dwarka which carries Moslem pilgrims from Bombay and Karachi to Arabian ports. But for the most part the non-Arab shipping companies concentrate on general cargo.

When the Middle East trade boom took off in the mid-1970s shipping companies flocked to the Gulf in search of business and ever since then shipping services have been in a constant state of flux. More recently, the problems in Iran have led to a downturn in shipping traffic and this has led to serious overcapacity and fierce rate cutting throughout most of the Gulf.

Because of the continued presence of aggressive outsiders the established shipping conference lines have found it difficult to maintain adequate rate levels.

At the start of the shipping boom seven years ago the Middle East was desperately short of modern port facilities and suffered severe congestion. This led to a tremendous growth in roll-on/roll-off services. Port congestion was eased and land transportation was facilitated.

With the heavy investment in ports the emphasis on roll-on/roll-off ferry services has slackened and increased emphasis has been put on pure container ships.

ARAB SHIPPING FLEETS
('000 grt)

	1973	1979
Kuwait	677	2,428
Saudi Arabia	58	1,443
Iraq	228	1,328
Algeria	163	1,258
Libya	37	885
Egypt	269	542
Morocco	56	364

Source: Lloyd's Register of Shipping

Eligible

A number of observers have suggested that up to 85 per cent of the Mid-East general cargo traffic is eligible for containerisation. As a result, some shipping companies are concentrating on pure container services.

Others, however, feel that ro-ro ships still have a role to play because of their greater flexibility and a considerable amount of ro-ro tonnage is still dedicated to the Europe-Middle East services by the Scandinavians in particular.

The pattern of Mid-East container traffic has ben altered recently by the inroads made by groups such as Overseas Containers (OCL), which now stops at Jeddah, for example, as part of the Europe-Far Eastern service through the Suez Canal. This is biting into the market share of companies such as Cunard Arab Middle East Line (CAMEL).

At the end of this year OCL is taking over P & O's services between Europe and the Gulf and will operate a containerised service in conjunction with Ellerman City Lines, Hansa, Nedlloyd, Compagnie Maritime Belge and the United Arab Shipping Company. OCL is currently fitting more economical diesel engines to two of its containers to be employed on this route.

William Hall

Saudi telephone system scores world first

SHARIF HUSSEIN, grandiloquent but luckless ruler of Hejaz, enjoyed the telephone and once stayed an hour on the line in holy Mecca to hear an Egyptian brass band in wicked Jeddah. Last year, on the other hand, a Saudi family was much castigated in the Press for relaying the 90-minute King's Cup Final to their son in California by telephone.

In 1927 the Saudi king needed a fatwa, or religious ruling, to clear the telephone of the prohibitions believed to be inherent in Islamic law. Today in middle-class households an intercom system between the male reception room and female quarters is *de rigueur*; unmarried girls, denied the company of males, can at least ring them up—and do so.

By the end of next year Saudi Arabia will have the world's first metropolitan telephone system that is entirely computer-controlled. After four years of immense difficulty, and the expenditure of well over $3bn, a joint venture of Philips of Holland and L. M. Ericsson of Sweden will have added 465,000 new telephone lines through Stored Programme Control exchanges.

Density

Taken with lines already installed before the contract was awarded at the end of 1977, the project will provide about one telephone line for every 10 of Saudi Arabia's inhabitants. Although the line density will be good in the main towns, the smaller are nothing as well-served and the contract must be extended. The joint venture (and their heroic subcontractor for the civil works, Dong Ah of South Korea) has already received an $800m supplement to provide the basic cabling and trenching work for over a million more lines between now and the mid-1980s.

Dr. Alawi Darwish Kayal, Minister for Telecommunications, believes that a further 285,000 lines should be installed at once. Whether he will receive the funds is somewhat in doubt, since there is some impatience in the Planning Ministry and at the seat of power with the very high unit cost of the project so far and the frightening maintenance expenses looming ahead.

It appears Dr. Kayal's Ministry will get some $5bn to spend over the Third Five-year Plan, starting this year, but much of that will be eaten up by the current contract, by operation of a heavily subsidised service and by training, now being undertaken with energy and reasonable success by Bell of Canada, under a $1.1bn contract.

Greater political sensitivity may rule out the old pattern of massive kickback and compensating add-on but even if the next contracting round is relatively "clean," a million new lines will certainly cost more than $8bn in 1980 prices.

Outside the towns there seems little opportunity for further civilian trunk systems. Inter-city calls are connected by computer through one or other of two networks; a 1,200-line buried coaxial cable, installed by Sirti of Italy between Taif, Riyadh and Dammam, or through Western Electric's $500m microwave system (960 and 1,800 channels) completed last year. The 300 microwave towers, which bestride 10,000 km of difficult territory, have gradually replaced the 14 ground satellite stations provided by Harris International of the US. But the ground satellites would appear still to have a role in the more remote regions.

The most recent trunk contracts have been for microwave spurs outside the country (Bahrain, Qatar and Port Sudan) and for military or security communications, notably the five-year $826m system awarded Cable and Wireless by the National Guard or Litton's $1.5bn missile-site co-ordination network for the army. Not surprisingly, given the rivalries between the various services and their royal patrons, fear of duplication will not inhibit further contracts in the security sector. Consultants also report greater interest in telephone monitoring and social control technology at the Interior Ministry and General Directorate of Intelligence, spurred by last winter's domestic disorders.

Automatic

Curiously enough, it was the same security considerations that ruled out telex until 1973. The 50 manually connected lines set up then are now being expanded to 15,000 as part of an automatic system worth $13.4m to Hajji Abdullah Alireza and Fredericks Electronics Corporation of Maryland, U.S.

None of this existed before 1964, when Ericsson first entered the Saudi market. Over a period of 10 years the company installed its ARF electro-mechanical (crossbar) system in the major towns and switching capacity approached 200,000 subscriber lines, a pitifully small number.

The story of the great $3.1bn automatic telephone contract, finally awarded in a welter of recrimination at the end of 1977, is too well-known to need repeating. What has become clear is that the award of the contract to Philips, Ericsson and Bell of Canada had less to do with the alleged superiority of Ericsson's AXE switching for the metropolitan exchanges or Philips' PRX for the small towns or with the supposed low bid, than with the authority of Philips' agent. The value of Bell's work has anyway doubled since the award. Such a conclusion need not be depressing, given the usual hazards of contracting in the Arab world.

Ericsson officials, however, rightly point to three elements of the joint venture's switching which suit the difficult conditions of Saudi Arabia and the Third World. Where manpower is short, a system that controls connections, charges and trunk links by computer and is housed in tidy modules has obvious attractions. Both AXE and PRX are well shielded from sand and dust, with the miniature reeds that connect speech paths encased in capsules.

Moreover, both systems can "interface" with new North American switching gear that converts speech into computer language digits that can be connected within the computers themselves. These systems are expected to dominate new contracts in the Third World.

Equally, the joint venture can be proud of the speed with which it has reacted to the usual impatience of Saudi clients. It has flown in exchanges and cables from its suppliers, mostly in the home countries, and on one occasion installed an AXE just seven hours after the transport aircraft bringing it from Sweden had touched down at Dhahran Airport.

Much of the credit must go to Dong Ah, which mobilised 6,500 men in a matter of weeks and has had to dig 7,000 km of trenches in towns where local government tends to be arbitrary and the work of other excavators sloppy in the extreme. Local governors, police, and public regard the young conscripts with something approaching awe and that, curiously, is the key to the project's success.

Frightening

Inevitably, the joint venture has tended to concentrate on the smaller towns. Contract payments are timed to physical performance and the main down-town exchanges, and the digging they will require, are frightening to contemplate.

This has meant that Jeddah and Riyadh, the major towns, have seen very little improvement in telephone services, whereas connections within Hail or Buraidah, or international calls, are superb. Ericsson officials insist that the situation will turn round within the next 12 months, but for the moment the joint venture is low in popular esteem.

Value for money is only an intermittent factor in Saudi Government contracting. The Philips-Ericsson Saudi system is not the best money could buy, but it is a good one.

James Buchan

Vehicle agents the top traders

THE BEST-KNOWN trading houses of the Arabian peninsula — with the biggest front and the most sophisticated marketing methods — are those handling motor vehicles. They show the biggest turnover — though there are a few exceptions in Saudi Arabia where the markets for heavy equipment, building materials and machinery are big enough to put dealers in some of these items into the league of the top half-dozen merchant houses.

The reasons for the predominance of the car and truck agents are not hard to find. Motor vehicles are big value items — they play a crucial role in determining the trade balance of all major industrial nations — and the Arabian Peninsula market is rich enough in per capita terms for virtually all of the indigenous population to be able to afford their own cars.

In Kuwait, the richest of all the markets, the custom is for the *paterfamilias* to buy an American car, which is relaxing to drive and at the same time makes him feel big and powerful. Japanese cars are regarded as being useful for children and wives, whereas in the other oil states the Japanese makes are the staple for taxi drivers and all other citizens made newly affluent by the rise in government spending since 1973.

In the later 1970s American cars were still out-selling the Japanese in Kuwait, which manifestly was not the picture elsewhere in the Gulf, and Kuwaiti buyers of new American cars were still changing their cars at intervals of between one and three years. It was reckoned that Kuwait had the biggest car population per capita in the world.

Environment

Much to the benefit of the car importers the other Arabian peninsula markets share with Kuwait an exceptionally tough environment which causes cars to wear out more quickly than they do elsewhere in the world. Bad roads and heat break up the tyres, dust affects the braking system, paintwork, lights and windshield, heat and dust together damage the trim inside, and in the lower Gulf intense saline humidity wears out all the moving electrical parts and rusts the body.

In Kuwait it is assumed that a General Motors car will have a life of just three to four years, against five or six years in the U.S. In the lower Gulf the car's life would be one year less. Japanese cars last a year less in either of the Gulf environments, which means that in Bahrain and the Emirates their life expectancy will be two years maximum, and more likely a year or 18 months. Mercedes, on the other hand, are reckoned to last two or three years longer than the American cars, though they have huge service bills.

Most of the vehicles' agents do not have special peninsula models made for them by the manufacturers — though Yusuf Ahmed Alghanim and Sons, the Kuwaiti agents for GM, orders all its cars with heavy duty batteries, radiators, suspension and shock absorbers, as well as with radios in all models and air conditioning in three-quarters of them.

The exception is E. A. Juffali and Brothers, who represent Mercedes throughout Saudi Arabia and command 70 per cent of the market for heavy trucks in the country with the biggest per capita truck population in the world. (Saudi Arabia with a population of not more than 8m has as many heavy trucks as Britain, with a population of over 50m.) As an extremely valuable customer, Juffali has been able to arrange for Daimler Benz to instal special suspension, a stronger chassis and a reinforced rear axle case along with the company's standard tropical features. Now the other Arabian agents import the same modified Mercedes trucks, though throughout the peninsular the mainly bedouin buyers of trucks still ask for the "Juffali Mercedes."

The bedouin drivers are people of habit in other respects too; they are often reluctant to believe that anything except the outdated 1924 and 2624 models are real Mercedes, they insist on the drab greeny-grey colour, which anyone who has ever been to the peninsula will recognise instantly, and they attach great importance to the 1924 and 2624 having protruding bonnets. In this last instance the idea is that the bonnet provides a buffer between the driver and his victim in an accident. When Juffali went into assembly a few years ago it was inevitable that the factory should be built for the 1924 and 2624 despite the age of the models.

As with other products in the peninsula markets vehicle agencies are mostly awarded on an exclusive basis, though in Saudi Arabia exclusivity may cover only one province and not the whole Kingdom. In fact the only manufacturers to have awarded their import agencies on a Kingdom-wide basis are Daimler-Benz, Mazda (represented by Haji Hussein Alireza), Datsum (represented by Abdel-Aziz Sulaiman's Zahran company) and Toyota (represented by Abdelatif Jameel). All of these employ networks of distributors and/or dealers, the most extensive operation by far being that of Juffali.

All of the hundred or so Juffali dealers are former truck drivers or truck brokers — the men who run offices in the truck depots on the outskirts of all the larger Saudi towns, marrying up the requirements of contractors with the owner-driver bedouin truckers. The advantage of these dealers is that they are reckoned to be socially on a level with their customers and able personally to vouch for their product.

What is interesting about the vehicle agents, all of which have extremely large turnovers by any standards, is how different they are in style of operations. To judge from the numbers of the different makes on the roads one would think that Jameel, Alireza and Sulaiman must be running much the same types of operation as each other. Yet Jameel has a computer monitoring his spare parts stocks, has invested in massive new service facilities and is embarking on Saudi Arabia's most spectacular advertising campaign, devised partly by Dancer Fitzgerald Sample of Madison Avenue.

In contrast Haji Hussein Alireza, a company with a turnover in excess of $250m, is still one of those Arabian businesses where one sees rows of Indian clerks sitting on stools working on huge ledgers. At a time when some Arabian trading houses are starting to go to the Euromarkets for finance, Haji Hussein Alireza and Co., and many traditional companies like it, does not borrow from the banks at all.

At present the vehicle marketing business in the oil States is going through a period of transition which may lead to some change in the popularity of different makes and in the relative strengths of the trading houses.

The most conspicuous changes are in servicing, which traditionally has been a very weak area. Agents with good service back-up in the past included Alghanim, reprsenting GM in Kuwait, Behbehani, the Kuwaiti agents of Volkswagen, Juffali, and Almana, the Qatari agents for Peugeot. Inevitably three of these established commanding positions for themselves in their markets—the only exception being Behbehani, which was not selling a car with much appeal in the affluent Kuwaiti market. Below this exclusive level service was so bad that there was very little to choose between makes in this respect and little competition between agents.

In the last five or six years, however, and especially now that markets are growing more slowly, service has become a fashionable area of expansion, and the market shares of those who get left behind in the race will suffer. This is not to say that the more ambitious agents will quickly reach Western levels of efficiency. On average it seems that work which in Europe or America would take one day, in Arabia takes four, and in raising this standard it is very difficult to get good personnel.

Mechanics

Jordanians and Palestinians, who are the ideal mechanics because they are relatively highly skilled and speak Arabic, are scarce and are liable to leave and establish their own garage businesses as soon as they have been trained. Koreans and Westerners are too expensive, and anyway cannot be used to service consumer goods of any type because they do not speak Arabic. The Turks, who have a large labour force with experience in working on German vehicles, suffer from the same disability and do not seem to enjoy working in the peninsula.

One advantage of developing better service operations is that they can help the established agents in their fight against the parallel importers—motor car traders who do not officially represent the makes they sell but who import large numbers of cars which they have bought in bulk from manufacturers or wholesalers. In the later 1970s parallel importers were commanding about 12 per cent of the Kuwaiti market for American cars, and because they had low overheads and were making their sales for cash they were able to undercut the established agents.

As one of the marketing managers at Alghanim put it, "You can't wage a price war against people with no overheads." So the idea of the official agents has been to narrow the price gap to as small a size as possible, and then to hope that the buyer will choose to go to the big, well-known name because he will feel more confident of getting good after-sales service and possibly an attractive trade-in deal when he decides to buy a new model. The established agent cannot refuse to service any car of a make he represents, but in practice he can make servicing a long and tiresome process for an owner who has bought his car from a parallel importer.

Trade-in arrangements, which are still a new phenomenon in the Arabian Peninsula and are offered by only a few firms, are obviously reserved for owners who have bought their car from the official agent.


Traffic jam in downtown Riyadh, capital of Saudi Arabia

Advantage

Another area where the big companies are developing an advantage over the parallel importers is in credit terms, which is already an important (though muted) area of competition between rival makes. About 60 per cent of cars in Saudi Arabia are sold on credit, with the buyer putting down about a quarter of the price and paying interest at up to 25 per cent on the balance — though the actual word "interest" is avoided.

These highest rates apply to Japanese cars where the availability of credit is most important, because the buyer is likely to be less well off than the buyer of an American car, and the risk for the seller is deemed to be biggest. Credit terms on Japanese cars are heavily advertised in the Saudi newspapers. It is a reflection on the reliability of the buyers as well as on the durability of the cars that the credit offered on a Japanese car in Saudi Arabia is about one year, whereas Alghanims in Kuwait will offer up to three years repayment on a GM car.

In Saudi Arabia the sellers will normally ask the buyers for post-dated cheques (if by chance they have a bank account), promissory notes or guarantors for their debts, but in practice they still find themselves putting quite a lot of effort into debt collecting. It is not so much that they suffer from many bad debts, as that debts become "heavy," lingering on beyond the scheduled repayment date, especially in summer. To remedy this situation the dealers employ teams of debt collectors. Not surprisingly it has been found that debt collecting is one of the few unskilled jobs in the motor trade for which it is easy to recruit Arabian nationals.

Michael Field

Canal aim is supertankers

FOR THE past five years Egypt has been seeking to re-establish international confidence in the Suez Canal. The fruits of that endeavour will be perhaps best savoured at the end of this year when the first stage of the development programme is completed and the steady increase in the tonnage using the waterway gains yet more impetus.

The Canal is of vital concern to Egypt—not just as a hard currency earner but also as an example to the world of what can be achieved in this relatively poor and bureaucratic-ridden nation. Compared with the semi-chaos of urban Cairo and the inefficiency and backwardness of much of public sector industry, it stands out as a model of efficiency and smooth operation.

When it reopened in 1975, having been closed since the 1967 Arab-Israeli war, the authorities were well aware that the shipping world had changed dramatically in the interval. Instead of shipowners and shipbuilders consulting the Suez Canal Authority about its development schemes before laying their own construction plans, the boot was now very much on the other foot. The Canal was being forced to react to new conditions imposed on it.

By the end of this year it will have partially caught up and by 1985 the process should be virtually completed. Essentially this means that the Canal is moving into the super-tanker era and is out to capture much of the trade that since 1967 has been using the Cape route.

The cost of the first development stage is over $1.2bn and will increase the permissible draught of ships using the Canal from the present 38 feet to 53 feet. This will allow tankers of 150,000 dwt to use the Canal fully laden and tankers of up to 370,000 dwt in ballast. Alongside the widening and deepening of the waterway three new bypasses have been constructed which will add significantly to the number of ships able to pass through during a 24-hour period. Officials hope that the present capacity of 65 vessels a day can be lifted during next year to 95 a day.

Mr. Mashour Ahmed Mashour, chairman of the Suez Canal Authority, stresses that it has been an international operation, with Japan, Holland, France, Italy and the U.S. all involved along with other countries in smaller roles. In turn these countries provided well over 50 per cent of the finance, most of it in soft loans.

Mr. Mashour is equally adamant that the development of the Canal must continue so as to take advantage of what he expects to be an upswing in world shipping activity during the second half of the decade.

He believes the Authority has three options. The first is to push ahead immediately with the second stage development, taking advantage of the international dredger force already at work in the Canal. The second is to wait for another three years or so and then move on to the second phase. In the third, by using just its own dredgers the Authority could get the work under way next year and by moving at a slower rate ensure that completion did not come before 1985. These options would all to some extent depend on the availability of external financing and the Authority is understood to be discussing this with a number of countries.

Egypt has at least two excellent reasons for wishing to push ahead with the development programme. First, it is still a long way from winning back all the business that it enjoyed before 1967; secondly, the revenues from the Canal are of critical importance to the nation's balance of payments and its overall investment targets.

Mr. Mashour cites oil as his primary target. In 1966 nearly 180m tonnes of oil passed through the Canal; last year the figure was just 80m. This compares with non-oil cargoes which have jumped from 70m tonnes in 1966 to 200m tonnes last year. Even more significant, between 60 per cent and 65 per cent of oil-related revenues comes from tankers in ballast. With the Canal able to take 150,000 dwt fully laden tankers at the end of 1980 and 200,000 tonners partially loaded, the earning capacity of the waterway should improve significantly. But an important slice of the market will still remain outside its grasp.

Revenues last year are said to have been over $600m and are expected to reach $700m in 1980. Because of the Egyptian Government's decision to change the start of the financial year from January to July, however, the latest estimate is for earnings of $850m in the 12 months beginning July 1 this year. On a rather optimistic reckoning the $1bn figure might be achieved in the financial year 1981-82 but more likely it will have to wait another 12 months.

One of the reasons for caution is that the Authority is currently engaged in what it describes as "the very delicate, complex and sensitive task" of drawing up a new schedule of dues. Apart from some relatively minor alterations, the charges to shipowners using the waterway have remained unchanged since 1975. This was a deliberate policy because it was felt more important to re-establish confidence in the Canal than seek to maximise earnings immediately.

The increased charges are likely to be applied selectively so as to ensure that the brunt is borne by ships enjoying the biggest savings by using the Canal. These savings tend to decrease as the distance a ship is travelling increases—a consideration likely to bear heavily on the new list of charges. Mr. Mashour and other officials emphasise that while they are determined to win new business they are equally anxious not to lose existing customers.

To cope with the increased business expected during the coming years the Authority is installing a highly sophisticated American traffic management system. Instead of the present observation points situated every 10 km along the length of the Canal, the new system will provide instant continuous details of the position and speed of every ship passing through.

Five mini-computers will be located at the Authority's headquarters in Ismailia and two more at either end of the waterway. They will link with radar, loran and voice communications to provide a comprehensive electronic network complete with a data bank that will store details of vessels using the Canal.

It is indicative of the determination with which the Authority has approached this development that it has managed to persuade the U.S. Agency for International Development to provide the capital equipment under its commodity aid programme for Egypt. This, in the words of one Egyptian official, was to avoid the bureaucratic delays and "endless feasibility studies" that accompany non-commodity aid. "We knew just what we wanted and we were determined to get it as fast as possible," said the official.

But the most potent long-term force for the increased attractiveness of the Canal today is the political safety factory. The peace treaty with Israel has for the foreseeable future removed the main blight suffered by the Canal for the past four decades and ensured that development and investment can be undertaken with reasonable confidence.

Even the imposition of the Arab boycott on Egypt has not affected the confidence of Mr. Mashour. "So far there has not been any noticeable decrease in Arab shipping using the Canal," he said, "and even if there were I would not worry, because I would be getting their cargoes, one way or another."

Roger Matthews

THE MARKETING SCENE

Batchelors speeds its marketing pace

FOR YEARS Batchelors was the quiet one among the Unilever consumer goods companies.

Bird's Eye was noisily developing the vast potential in frozen foods; Lever Bros. had its titanic struggle with Procter and Gamble; Walls was riding the two volatile horses of ice-cream and meat products.

If Batchelors was koown for anything it was for its canned peas, not the kind of product to set the marketing pulse throbbing.

All that is changing rapidly. In fact, Unilever has always used Batchelors as its basic grocery line stalking horse, the creator of products with a longer shelf life than Bird's Eye or Walls. So, the technological breakthrough of Vesta came from Batchelors and while the standard line, the canned vegetables, still sold well, producing very high turnover—over a quarter of total sales — and negligible profits, the hunt was on for successors to Vesta, using Unilever's own R and D in the UK, but also keeping an eye on overseas developments.

The arrival of David Bullock as marketing director has quickened the pace in the past year. Batchelor is now marketing mad, as indicated in the budget, up by over a fifth to £8m, split half into advertising, and half into promotions.

It was from overseas, from the U.S., that the Cup a Soup idea was imported. The American approach, of placing the product as a beverage rather than as a table soup, has worked excellently, supported by the U.S. advertising concept, and a £1.5m budget.

Putting it in a jar pushed through the convenience ideal, and it is now turning over £1m a year and fits neatly into the new Batchelor's philosophy — developing *brands which suit* the modern life style.

"Life style" is a slogan which has caught the marketing imagination in recent years but has proved an elusive profit maker.

It centres on the need for meals that can be produced quickly but which have the attraction of showing some culinary skill, which are hot, and warming, but outside of the increasingly rare set family meal occasions. As Bulloch says "convenience is becoming infra dig. Now *women* like to cook as an art form rather than as a chore."

Batchelors success with Cup a Soup, where it has seen off the competition to grab brand leadership and 40 per cent of sales, has encouraged Batchelors to put time and money behind similar life style products.

This is partly because of the broader, sociological changes in eating habits, and partly because heavy advertising does seem able to confirm brands, and to keep at bay the competition of retailer "own label" lines, sold on price.

The re-launch of packaged soups last autumn has helped prevent this market slipping into the commodity net. A marketing approach which really does improve quality, even at the expense of a higher price and also has the courage to promote the higher standard brand at a time of faltering consumer spending, is unglamorous and predictable but works.

Batchelors has followed a similar line with its Quick Custard, winner of a Supermarketing best new product award in 1979, as well as lesser brands, such as pie fillings.

Perhaps the most interesting innovation from Batchelors is Snackpots. Here the idea of a noodle-based container which becomes a hot snack with addition of water originated in Japan. However, technological developments in the UK have enabled the line to spread rapidly out of its London test to national distribution by July and projected first year sales of £10m.

Golden Wonder and Knorr are also in the market for instant hot snacks which has an immediate sales potential estimated at £50m a year. This is a life style product par excellence, giving a hint of cooking skill but adapted for anytime meals. The switch away from school lunches and the placing of the burden on parents has undoubtedly helped sales.

Batchelors is not getting out of canned vegetables. Indeed it is investing £11m in a new cannery at Worksop to streamline production: along with speciality lines in canned beans it still serves the lingering market in the north for dried peas.

New product developments, tested through the research bureau, are being pursued even though consumer demand has slackened noticeably in recent weeks.

Batchelors may be the quietest of the Unilever subsidiaries but, with sales topping £100m a year and a new product commitment in areas with greater sales potential than most other Unilever companies can manage, it is hardly the least significant.

Colman and Partners win Tampax account

COLMAN AND Partners has won the Tampax account which had been with McCann Erickson for more than 40 years, with advertising material originating in New York until last October.

The company is spending £680,000 this year but a much higher budget is planned for 1981. Television is still regarded as unsuitable for the product.

* * *

OBM has been reappointed to handle a number of campaigns for the Department of Industry. The business was due to be handed over to Doyle Dane this month as part of a routine rotation of the COI's standing group account which covers ad hoc advertising for a number of Government departments and emergency advertising.

Department of Industry staff so valued their relationship with OBM that they asked the COI if the seven current campaigns, spending over £300,000, could stay with the agency and the COI has agreed.

* * *

DORLANDS is to lose its Dubonnet business, worth around £450,000 a year, despite winning awards for its television commercials. The change follows a switch in the marketing of Dubonnet in the UK from Schweppes to J. Parkington.

* * *

INDEPENDENT local radio advertising revenue in March was £3,883,654, just over £1m more than in March, 1979. In April, however, despite the fact that the first three weeks of CBC in Cardiff are included, the rise was just over £500,000 to £3,953,482.

How much cash for breakfast television?

HOW MUCH advertising revenue potential is there in breakfast television, a phenomenon which seems to have become an accepted fact even though the IBA is far from committed to the idea?

Estimates from the hopeful rivals for the contract range through less than £10m to upwards of £20m a year. Young & Rubicam takes the more conservative view.

It analyses the situation as follows: Although the possible contract is for broadcasting between 6 am and 9.15 am, seven days a week, the IBA does not expect broadcasting to begin before 7 am, at least not in the early stages. If the current advertising limit of six minutes an hour is maintained this leaves a potential selling time of 94.5 minutes a week.

At the moment daytime television in the UK attracts an all-year-round rating of 11 with its mix of films, serials and magazine material, but it is unlikely that breakfast will attract an audience of this size.

For a start the majority of television sets in the UK are not sited close to early morning domestic activity.

Then, only 15 per cent of homes have a second set of which just 2 per cent offer colour. It is not known how many of these are portable but only 15 per cent of all television sets are portable.

Apart from problems with the number of television sets and their location in the home there are the difficulties in wooing viewers away from the well entrenched alternative media such as radio and newspapers.

Later rising on Saturday and Sunday will pose programming problems on these days. All in all Young and Rubican expects an average rating no higher than half that of daytime, around 5, at least in the first 18 months.

It also does not believe that breakfast can get the same revenue from its advertising minutes. Although the maximum cost of a network daytime 30 second spot is £3,949, the average annual selling price is nearer £2,000.

If breakfast gets half the rating of daytime then realistically the price should be about half—£1,000 for 30 seconds, or £2,000 a minute. So the 94.5 advertising minutes a week, at £2,000 a minute, brings an annual revenue of £9,828,000 a year at current prices.

This is at the lower end of the revenue estimates of the applicants but Young and Rubican would reduce it even more. They point out:

- That a networked channel cuts off potential revenue from regional or semi-national advertisers;
- Not all the minuteage, especially early mornings at weekends, will command a £2,000 price;
- Advertisers may be reluctant to invest in breakfast television until they know who watches and for how long and with what level of attention. So Young and Rubican cuts back advertising revenue for the first 18 months to nearer £6m-£7m at 1980 prices, with a potential of £12m-£14m at today's prices if the successful contractor can build up audiences to the current daytime level.

It is a convincing case, although forecasts of the last major new advertising medium to hit the UK, local commercial radio, also erred on the low side when estimating the revenue potential. A great deal depends on the programming skills of the successful applicant—if there is one.

Job switch for Mottershead

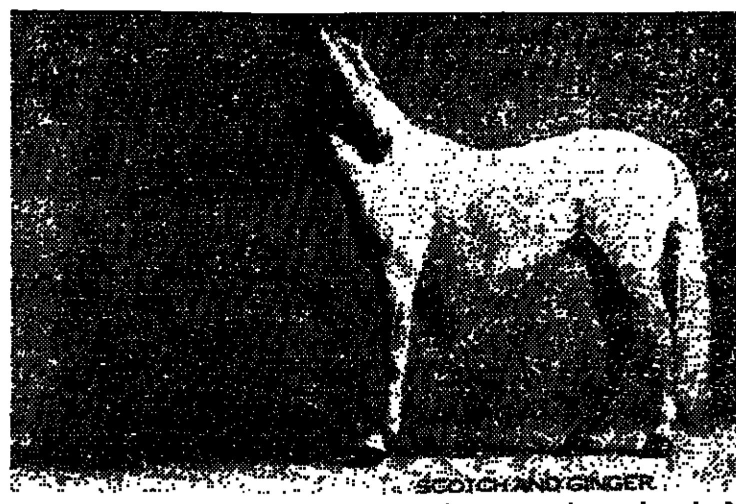
DEREK MOTTERSHEAD, head of marketing at Pretty Polly, is moving to the most contrary job imaginable, European Marketing Director of Lee Apparel, a subsidiary of the U.S. Vanity Fair Corporation.

At Pretty Polly Mottershead was involved in the award winning "Jeans are on their last legs" campaign created by Collett Dickenson Pearce.

- BRIAN WALDRON, previously executive chairman of Doyle Dane Bernbach, has been joined by three members of his former agency in a new venture. John Allen, client services director, and the creative team of Bill Thompson and Sue Henry have got together to form Waldron, Allen, Henry and Thompson. They are operating from 4, Lyall Street, SW1 and are already working on development projects for two leading packaged goods companies.

EFFECTS OF THE TOBACCO CONTROVERSY

The freedom to advertise



White Horse—an endangered species?

THE PROTRACTED negotiations between the Department of Health and the tobacco industry over the future of tobacco advertising restraints have stimulated concern in the advertising business that a variety of other product groups may in future suffer the same sort of pressure currently being experienced by the tobacco manufacturers.

Much of the concern stems from an apparently widespread belief in the domino theory—that if tobacco "falls," areas such as alcohol will come under increased pressure—and owes little to detailed knowledge of the various arguments advanced in other product areas where advertising is sometimes criticised.

A rational appraisal of the possibilities must start from a recognition that a threat does indeed exist to the freedom to advertise, in a variety of areas in addition to tobacco—most notably alcoholic drink, proprietary medicines and in the general area of advertising to children.

The most obvious indication of this threat is the simple fact that government-imposed or inspired controls over what can be advertised, and in what manner, have grown progressively tighter in most industrialised countries over the past 20 years.

In addition to general governmental and pressure group activity, the advertising business now also faces the threat posed by the growing interest being taken in advertising by a variety of transnational organisations such as the Council of Europe, the Organisation for Economic Co-operation and Development, the World Health Organisation and of course the EEC Commission.

However, recognition that a threat exists does not necessarily imply that more controls are inevitable, and indeed careful consideration of the various arguments and supporting evidence clearly indicates that further controls are very difficult to justify in the "problem areas" on any rational grounds.

The basic argument, common to most of the product areas under criticism (alcoholic drink, medicines, etc), is that advertising stimulates total per capita consumption and that increasing per capita consumption *necessarily* leads to more *abuse* of these products. It *should be noted that (unlike* tobacco), few people object to the moderate consumption of the so-called "threatened products," only to the abuse or excessive consumption of these products (leading, for example, in the case of alcohol, to alcoholism, car crashes, accidents at home and at work etc).

Such arguments when examined in detail can be found to contain numerous flaws. Firstly, it simply cannot be assumed that advertising *necessarily* stimulates total consumption of a long established broad product field such as alcoholic drink. It is quite possible that advertising does *stimulate* the total market but every shred of research evidence suggests it does not. For example, evidence from econometric studies suggests that advertising operates only at the brand level in the drinks market. Evidence from actual bans on the advertising of drink in British Colombia and Norway does not suggest that banning advertising leads to reduced consumption; and evidence from Eastern Europe—where some of the worst problems regarding alcohol abuse are found (and where advertising is usually non-existent)—certainly does not suggest any link between advertising and total consumption.

Faced with these arguments the uninformed critic often asks: "If advertising does not result in stimulating total consumption then surely it is wasteful?" The fact is that advertising works differently in different types of market. We know it works at the brand level, and we know that in new or rapidly changing markets total consumption is affected.

We also know that in some markets, such as petrol, the influence of advertising is clearly limited to influencing brand shares alone. However, "limited" is perhaps the wrong word to use in this context since competition for brand share is not an irrelevancy, but something that is vital to the success of our economy. Sir Alex Jarratt summed up this importance recently when he said: "The Russians have good athletes because they compete and awful cars and fashion because they don't."

The second half of the critics' argument, the "more product/more abuse" link is, in any event, even more debatable than the first half of the argument just discussed. The evidence for such assertions is usually derived from cross country comparisons of incomplete and often totally incompatible data. To quote Martin Plant, one of the most widely respected researchers in the alcohol field (of the Alcohol Research Group, at the Royal Edinburgh Hospital):

"It is not known how many 'problem drinkers' or 'alcoholics' there are in any society, or even what quantities people drink. This sad situation exists because our means of collecting information are all very limited and partial. Most of them are enormously biased and leave a great deal to be desired."

Given this data problem, the conclusions drawn from analysis must remain highly suspect on the "garbage in, garbage out" principle.

On the other hand, a considerable body of good research evidence indicates that alcohol, medicine and drug abuse generally, and alcoholism in particular are associated with genetic, cultural and psychological factors. For example, an Irishman, with a family history of alcoholism, coming from a broken home, in the process of losing his job, will probably (but not necessarily) drink a great deal more than a happily married, securely employed Jew with no family history of alcoholism.

Having rejected on very fundamental grounds the main theme of most non-tobacco product advertising criticism (although ignoring completely the most fundamental of all arguments—that if it it is legal to manufacture and sell a product, why should it be illegal to advertise it?) it is worth also mentioning the very positive aspects of advertising which are so often forgotten.

The case of proprietary medicines illustrates most vividly the very considerable changes which might come about if advertising was banned.

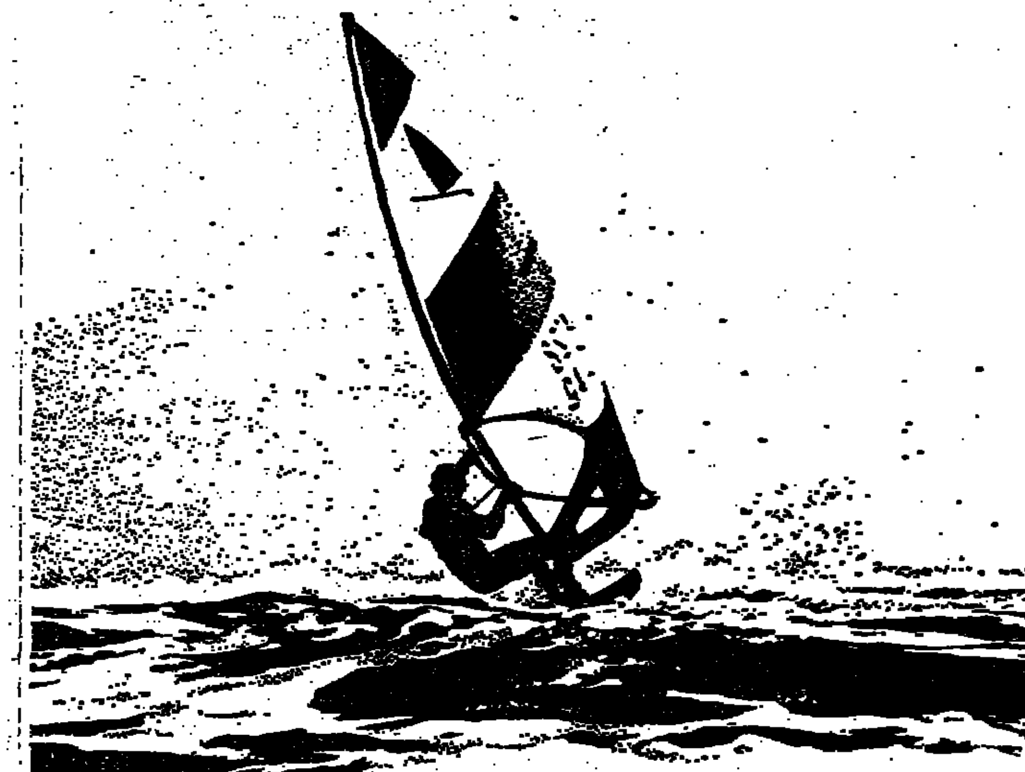
In any 4-week period, 9 out of 10 adults feel unwell at least once. More than 80 per cent of all episodes of ill health are minor conditions not considered serious enough to merit medical attention. Very frequently the symptoms of coughs, colds, upset stomachs, headaches, etc., are treated with home medicines, and studies show that in the overwhelming majority of cases, the home medicine chosen was relevant to the condition and used successfully.

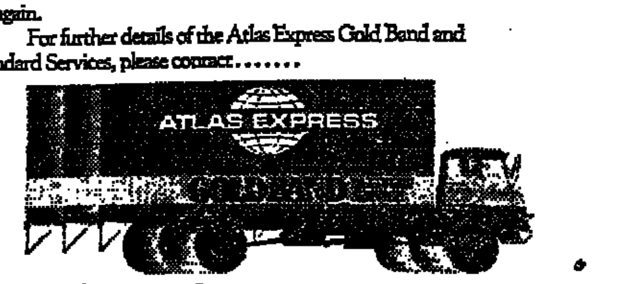
People clearly gain experience of the use of home medicines from a variety of sources, of which advertising is only one. However, it would need only a very small proportion of "home medicators" to switch to visiting their G.P., to utterly clog up the current system. Such a switch would be very likely if advertising was banned.

Advertising to children is the other main area of criticism. Critics usually complain that advertisers exploit children's vulnerability and lack of experience and/or that advertisers create artificial needs among children, which parents are reluctant to gratify, so leading to the creation of tension within the family.

A full discussion of the various arguments involved, and the masses of research evidence which has built up, would fill several large books, let alone a brief article, but it is relevant to note that evidence is accumulating internationally which suggest that the critics of advertising to children have overstated their case to a considerable extent. Research experience with UK children shows that they are aware of the purpose of advertising at a very young age, and that they apply their own quite specific criteria when evaluating advertisements.

By Mike Waterson head of the Advertising Association.





LOMBARD

Rate setting as she is spoke

BY ANTHONY HARRIS

DUE TO a faulty time setting in the very advanced equipment now being tested by this column to bring you inside information, we have come into possession of a number of tapes some of which date from as late as 1981—or possibly 1982. Some other excerpts seem, from internal evidence, to date from the recent past. If the timing is a little obscure, the subject seems clear enough, and is obviously a matter of public interest. Readers must make their own interpretations.

Unwinding

The first extract is clearly a private conversation. "I see there's another round of Prime Rate cuts starting, and I'm really finding it rather difficult to explain why we can't do the same—after all, our money figures are looking pretty good. Could you just go over it again?"

"Well, Sir, it's not exactly cut and dried. Apart from the unwinding of the distortions left over from the corset—and although we know about the bill leak, we can't be quite sure about *Eurosterling — nobody quite seems to know what's happening to bank lending. The trouble is that since we've been in financial surplus, if you take gilt sales into account, the whole situation has been so abnormal that we can only guess the trends.*"

"Are you telling me that we've been squeezing so hard that we don't know what's going on any more?"

"That's about the size of it, Sir. My own judgment is that we could probably try an experiment with easier rates quite safely—there'd be plenty of time to put them up again if things did look like getting out of hand."

"Experiment? Put them up again? Have you any conception of what she. . . ." (A sigh). "No, it's no good, we've got to be sure. I'll just have to find something to say. Of course, the level of bank lending. That'll do."

"Well, Sir, someone might say that they are only borrowing to pay the interest, and pay taxes — that PRT payment wasn't in the seasonal adjustment, for example."

"Nonsense! You people have your heads full of technicalities. Bank lending will do very well. . . ."

* * *

The second extract is from a brief telephone conversation.

"A billion in 94s? What the" (expletive deleted) "do you need that for? We're already funded well into the autumn."

"As you know very well, we have a programme for many months, and it is only prudent, while conditions remain favourable. . . ."

"You mean make hay while the sun shines? That's all very well, but the institutions must be milked dry by now. If they take the new tap, which you say is tailored for them, they'll have to raise the money, they'll have to turn to our Near Eastern friends."

"I need hardly explain again that in a clean float it makes no difference who buys the stock. The thing is to fund while the yields are still attractive. As you know very well, once they do come down . . . ."

The last two extracts are not very *clear, the first from time-base distortion, the second from* background noise which seems to be Parliamentary.

"$2.50, did you say? Geoffrey, this has got to stop. . . ."

* * *

Forecasting

". . . And now I come to our funding programme, which was widely criticised as over-cautious as the new stocks were announced. Our critics perhaps forget that forecasting is a very inexact science, and that our own domestic deficit is not the only thing which has to be funded. The very large rise in bank lending—partly, it must be admitted, to finance redundancy payments—required some off-setting. In addition, we had to fund the accelerated repayment of overseas debt undertaken to relieve the upward pressure on Sterling—with results which are unhappily posing further problems for monetary control . . ." The rest is inaudible.

More than whiting's fate in the balance

THE COMMON Fisheries Policy is believed to be part of the deal made by the Prime Minister over the British contribution to the EEC budget. However, Sir Ian Gilmour, Lord Privy Seal, said on Monday that British fishing rights in the 50-mile zone—and also action taken on the dumping of foreign fish below the price of catching—would not be affected by the deal, and would be discussed by the Fisheries Council later on this month.

That seems to leave the delimitation of power between the European Communities Commission and the British Government still very much in the open. The case which the Commission, with the support of Denmark, France, Ireland and the Netherlands, brought in the European Court against the UK seems to retain its importance, though it can no longer be used as a lever in the budget negotiations.

After the delivery of the Opinion* by Herr Gerhard Reischl, one of the court's advocates-general, on May 21, the case is *now* in its final, silent stage when the parties can only bite their lips, however much they disagree with Herr Reischl, and the court ponders its judgment. Should this follow the advocate-general, the fate of the little, immature, whiting, and the haddock, now swimming in the sea north-west of the Shetlands, is bleak. But much more than that is at stake. Not only will the Commission's power over the fisheries policy be vastly extended, but a gate will be opened to arbitrary power by giving one of the innocent introductory articles of the EEC Treaty a meaning that it was never intended to have.

The second paragraph of Article 5 of the treaty states simply that member states "shall abstain from any measures which would jeopardise the attainment of the objectives of this treaty." The Commission attempted in a previous fisheries case† to derive from this a new legal doctrine according to which member states have a general duty to proceed by common action and to respect moral and political commitments even if these are not laid down in the treaty or regulations, directive and decisions made under it. In that case the court went some of the way with the Commission. It is now being persuaded to go all the way. Let us see how it is being done.

The Commission's case against Britain consists of two minor complaints and one of very great importance. The first of the two minor matters is that the UK made an exception for a small quota of boats under 35 feet in length, allowing these to fish in the prohibited Mourne area off Northern Ireland. This is seen as *discrimination* against other EEC countries whose small boats cannot safely reach those fishing grounds. The second minor complaint is that Britain did not inform the Commission of the licensing system imposed in 1977-78 for the Isle of Man and North Sea fishing zones, and failed to obtain its approval for a reduction in the herring quota. Britain is also accused of having infringed the free trade rules by obliging Irish fishermen to land their catches on the Isle of Man. All these complaints are justified, according to Herr Reischl.

The main complaint, initiated *by Denmark and sustained by* the Commission, concerns the so-called Norway Pout Box, a zone situated north-west of the Shetlands, where British fishermen are interested in shellfish, whiting and haddock, while the Danes come over to fish for Norwegian pout supplied to the fishmeal industry. The conflict of interests here is, therefore, not only between British and Danish fishermen but also between fishing for human consumption and for industrial processing.

The Danes use small mesh nets, which are essential for pout and unavoidably catch a small proportion of immature whiting and haddock. To preserve stocks of these Britain has banned small mesh-nets in the area and by the Norway Pout (Prohibition of Fishing) (No. 3) (Variation) Order 1978 extended the prohibited zone by two grades of longitude to the east. Herr Reischl says that for such an extension Britain requires special permission from the Commission; as she has not obtained it, the order infringes EEC law.

This simple conclusion will considerably please the Danes, *who are after the small fish for* their factories. The Commission is after a bigger fish and will be more interested in the rather tortuous way by which the conclusion was reached. It wants the court to say nothing less than that member states should do as they are told by the Commission.

BUSINESS AND THE COURTS

By A. H. HERMANN, Legal Correspondent

There is no doubt that since the adoption of Regulation 100/76 the fisheries conservation measures within the 200-mile zone are "in principle" to be decided by the Community. There is, however, an important "but." Because the Community could not agree on a fisheries regime, the Council authorised member states (in Annex VI of The Hague Resolution) to take temporary measures themselves. In January 1978 the text was refined to allow national measures only if absolutely necessary for the maintenance and management of fishery resources, and if not of a discriminatory nature. A further requirement is that these measures should be in harmony with the EEC Treaty, and that the Commission should be asked for approval before they are taken.

Herr Reischl states first that the British 1978 Order is not a conservation measure because none of the protected fish (whiting and haddock) is threatened with extinction. (Should this strict criterion be generally accepted, there is no hope that the Commission will ever conduct an effective conservation policy.)

Developing this idea further, Herr Reischl asserts that the order is not designed to protect fish stocks, but to give British fishermen an advantage over the Danes. This, however, is a question of economic policy which is exclusively a matter for the Community to decide. The British measure has, moreover, upset the foreign relations of the Community by necessitating the re-negotiation of an understanding reached with Norway and the Faroe Islands.

The British Government's objection that this understanding was never approved by the Council has no merit in Herr Reischl's eyes. It was sufficient, he says, that the parties, agreed to apply the understanding in practice. The novelty proposed here is that the court should remove the need for the Council's approval to the Commission's foreign agreements.

Finally, Herr Reischl turned to the old question: What does it mean that the member states should try to obtain the Commission's approval for the national conservation measures which they intend to take? The court has already stated, in Case No. 141/78, that the member state seeking the Commission's approval must consult it at all stages of the procedure. The Commission insists that the obligation to seek approval amounts to an obligation to obtain it before acting.

It seems that Herr Reischl felt somewhat uncomfortable when faced with his assertion, but he found a way round it. According to him, it is enough to apply for approval if the material conditions are satisfied. However, if they are not—that is if the proposed conservation measures are not "absolutely necessary and non-discriminatory"—we are confronted with a restriction of trade between member states which cannot be introduced unilaterally but only with the express approval of the Commission. This follows, says Herr Reischl, from the already quoted Article 5/2 of the EEC Treaty. I confess that I fail to see the connection.

* *European Court, Luxembourg, Case No. 32/79. Opinion of the Advocate General of May 21, 1980, unreported.*

† *Same court. Case No. 141/78, judgment of October 4, 1979. FT European Law Letter October, 1979.*

Nininski for Coronation Cup

RACING

BY DOMINIC WIGAN

TWO OF the most improved middle distance performers in training, Nininski and Sea Chimes, look set to domintae this afternoon's renewal of the £50,000 added Coronation Cup.

Nininski, sporting the maple leaf green colours of Lady Beaverbrook which have been carried so prominently in this race over the years, goes for his sixth victory in seven outings, while Jack Thursby's Sea Chimes bids for his eighth consecutive triumph.

After his recent facile win from New Berry ando Cracavil in Kempton's Clive Graham Stakes, it seems probable that Sea Chimes will go to post a firm favourite to give Lester *Piggott another win.*

John Dunlop's vastly improved Gulf Pearl colt justified considerable stable confidence with his victory on the Sunbury course, running his rivals into the ground as he kept up a tremendous gallop to the line. That was undoubtedly the Arundel colt's most impressive display and if, as reports suggest, he is better than ever, Nininski will have his work cut out.

Although Nininski did not win in quite the manner expected when having to be ridden hard to take back Two of Diamonds and Son Fils in a triple photograph finish to Chester's Ormonde Stakes, the performance was probably better than it looked at the time.

It speaks volumes for Nininski's courage and speed *that he managed* to get up in the short straight after a far from ideal pasage. Furthermore, he won in a highly creditable time.

Although Nininski would prefer more cut in the ground, he has always struck me as England's best prospect for retaining the King George VI and Queen Elizabeth Diamond stakes

EPSOM

2.00—Circuit Judge
2.35—Rapid Class**
3.10—Nininski***
3.40—Precious Moments
4.15—Castle Keep*
4.50—Prince Roland

CARLISLE

2.15—Tudor Chief
3.15—Turbo
4.15—Norman's Boy

TV Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 9.47 For Schools, Colleges. 11.25 Cricket: First Test—England v The West Indies. 1.30 pm Mr. Benn. 1.45 News. 2.00 You and Me. 2.15 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 at 11.00 am). 4.20 The All New Popeye Show. 4.40 Joey and Redhawk. 5.00 John Craven's Newrround. 5.05 Blue Peter. 5.35 The Wombles.

5.40 News.
5.55 Nationwide with Regional variations.
6.20 Nationwide (all regions).
7.00 Tomorrow's World.
7.35 Are You Being Served?
8.05 Taxi.
8.30 That's Life Report.
9.00 News.
9.25 Bull Week.
10.05 Question Time with Robin Day.
11.05 Don McLean and Friends in Concert.
11.55 Weather/Regional News.

All Regions as BBC-1 except as follows:—

Cymru / Wales — 5.55 - 6.20 pm Wales Today. 7.10-7.35 Heddiw. 11.55 News and Weather for Wales.

Scotland — 1.25-1.30 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.05 Current Account. 10.35-11.05 Hector Macandrew (1903-1980) tribute to the Scottish fiddler. 11.55 News and Weather for Scotland.

Northern Ireland — 11.30 am For Schools (Ulster in Focus). 11.50 Join BBC-1 (Cricket). 3.35-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.55 News and Weather for Northern Ireland.

England — 5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look Northwest (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
2.05 pm Cricket: First Test—England v The West Indies.
6.35 Open University.
7.00 The Lake: Portrait of Lake Dale, Kashmir.
7.10 Mid-Evening News.
7.25 Newsweek—Rates: Through the Roof?
8.00 The World About Us: Royal Geographical Society.
9.00 A Question of Guilt.
9.30 Jeremy Taylor.
10.00 Your Life in their Hands.
10.30 Macleod's America.
10.45 Newsnight.
11.30 Cricket: First Test (highlights).

LONDON

9.30 am Schools Programmes. 12.00 Gammon and Spinach. 12.10 pm Stepping Stones. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 For Maddie with Love. 2.00 Here Today. 2.25 Racing from Epsom (covering the 2.35, 3.10 and 3.40 races). 3.50 Superstar Profile (Paul Newman). 4.15 Little House On The Prairie. 5.15 Selwyn.

5.45 News.
6.00 Thames News.
6.30 Help!
6.40 Cartoon Time.
6.50 "Go For A Take," starring Reg Varney and Norman Rossington.
8.30 TV Eye.
9.00 The Mallens.
10.00 News.
10.30 Inside Business.
11.00 Granada Guildhall Lecture: The Role Of The Unions.
12.00 What The Papers Say.
12.15 am Close: Personal choice with Denise Coffey.

All IBA Regions as London, except at the following times:—

ANGLIA

12.30 pm Against the Wind. 1.25 Anglia News. 2.00 Houseparty. 3.45 Looks Familiar. 4.15 The Bubblies. 4.25 Rocket Robin Hood. 4.45 The Next Week Show 5.15 Emmerdale Farm. 6.00 About Anglia. 6.20 Arena. 6.30 Crossroads. 7.00 Movin' On. 8.00 George and Mildred. 10.30 Basketball. 12.00 Themes.

ATV

12.30 pm Gardening Today. 1.20 ATV Newsdesk. 3.45 Looks Familiar. 4.15 Windows. 4.20 Fangface. 4.50 Salvage 1. 6.00 ATV Today. 6.30 Crossroads. 7.00 Emmerdale Farm. 7.30 Charlie's Angels. 10.30 Format V. 12.00 ATV Newsdesk.

BORDER

1.20 pm Border News. 3.45 Looks Familiar. 4.15 Thursday Matinee. 6.00 Lookaround Thursday. 6.30 Crossroads. 12.00 Soap. 12.30 am Border News Summary.

CHANNEL

12.30 pm Against the Wind. 1.20 Channel Lunchtime News, What's On Where, and Weather. 3.45 Looks Familiar. 5.15 Emmerdale Farm. 6.00 Report at Six. 6.30 Crossroads. 7.00 Frontiers of Discovery. 7.30 The Incredible Hulk. 10.28 Channel Late News and Weather. 10.32 Soap. 12.00 George Hamilton IV. 12.25 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 12.30 pm Against the Wind. 1.20 North News. 3.50 Looks Familiar. 6.00 North Tonight and Area Weather Forecast. 6.30 Crossroads. 7.00 Charlie's Angels. 8.00 How's Your Father? 10.30 Cover to Cover. 12.00 Reflections. 12.05 am Soap. 12.30 North Headlines.

GRANADA

12.30 pm Against the Wind. 1.20 Granada Reports. 3.50 Looks Familiar. 4.15 Story Hour. 5.15 Square One. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 Columbo. 10.30 Celebration.

HTV

...12.30 pm Money-Go-Round. 1.20 Report West Headlines. 3.50 Food, Wine and Friends. 4.15 Spiderman. 4.45 Wyatt's Place. 5.15 Jobline Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.30 Happy Days. 7.00 Emmerdale Farm. 7.30 The Incredible Hulk. 10.30 Quest for Arthur.

HTV Cymru/Wales—As HTV West/HTV General Service except: 9.52-10.07 am Cymru A'r Mor. 12.00-12.10 pm Ffalabalam. 1.20 Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.45 Sêr. 5.15-5.20 Cartoon Time. 6.00 Y Dydd. 6.15-6.30 Report Wales.

SCOTTISH

12.30 pm Gardening Today. 1.20 News and Road and Weather. 3.50 Looks Familiar. 4.20 Popeye. 4.25 Salvage 1. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Talking Scots. 7.00 The Incredible Hulk. 8.00 Young at Heart. 10.30 Encore for the Arts. 1.20 The Role of the Unions. 12.15 am Late Call.

SOUTHERN

12.30 pm Against the Wind. 1.20 Southern News. 2.00 Houseparty. 3.50 Looks Familiar. 4.15 Tarzan. 5.10 Mr. Magoo Cartoon. 5.20 Crossroads. 6.00 Day By Day. 6.30 University Challenge. 7.00 Emmerdale Farm. 7.30 A Man Called Sloane. 10.30 Cross-Channel.

TYNE TEES

9.20 am The Good Word, followed by North-East News. 1.20 pm North-East News and Lookaround. 2.00 Time to Spare. 3.45 Looks Familiar 4.15 Salvage 1 6.00 North-East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 7.30 The Streets of San Francisco. 10.30 North-East News. 10.32 Soap. 12.00 About Britain. 12.30 am Epilogue.

ULSTER

1.20 pm Lunchtime. 3.50 Looks Familiar. 4.13 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Ulster Television News. 6.20 Police Six. 6.30 Sounds of Summer. 7.00 Emmerdale Farm. 7.30 BJ and the Bear. 10.29 Ulster Weather. 10.30 Enterprize. 12.00 Bedtime.

WESTWARD

12.30 pm Against the Wind. 1.20 Westward News Headlines. 3.45 Looks Familiar. 4.15 Gus Honeybun's Birthdays. 5.15 Emmerdale Farm. 6.00 Westward Diary. 6.35 Crossroads. 7.00 Encounter. 7.30 The Incredible Hulk. 10.28 Westward Late News. 10.32 Soap. 12.00 George Hamilton IV. 12.25 am Faith For Life. 12.30 West Country Weather and Shipping Forecast.

YORKSHIRE

12.30 pm Tell Me Another. 1.20 Calendar News. 3.45 Looks Familiar. 4.15 The Woody Woodpecker Show. 4.45 The Little House on the Prairie. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Crossroads. 7.00 Emmerdale Farm. 7.30 Hawaii Five-O. 10.30 Music at Harewood. 12.00 Superstar Profile (Liza Minnelli).

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Paul Gambaccini. 7.00 Talkabout. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Ray Moore (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S) including Racing from Epsom. 4.03 Much More Music (S). 5.00 News. 5.05 Much More Music (S) (continued). 6.03 John Dunn (S). 8.02 Country Club (S). 9.02 Alan Dell with the Big Band Sound (S). 9.55 Sports Desk. 10.02 Wit's End. 10.30 Star Sound Extra. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Schumann (S). 10.00 Franz Anton Hoffmeister chamber music (S). 10.25 Northern Sinfonia Orchestra (S). 11.15 Cricket: First Test—England v West Indies, including 1.35 pm News. 1.40 The Great Match England v. West Indies 1950. 2.00 Lunchtime Scoreboard. 6.40 Beethoven chamber music. 7.00 Talking About Music (S). 7.30 Rachmaninov piano recital (S). 8.00 As Radio 4. 10.15 Book, Music and Lyrics (S). 11.00 News. 11.05-11.15 Telemann (S).

VHF—With Medium Wave except as follows: 6.00-7.00 am Open University. 11.15 Hesketh Piano Trio (S). 12.15 pm The Kreisler Prize (S). 1.00 News. 1.05 Bradford Mid-day Concert (S). 2.00 The Composer Conducts (S). 2.50 Music for Guitar (S). 3.20 Byrd's Gradualia (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.20-7.00 Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News; 7.30, 8.30 News Headlines; 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Checkpoint. 9.30 The Living World. 10.00 News. 10.02 Clubland Heroes. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 File on 4. 11.50 Smith on Survival. 12.00 News. 12.02 pm You and Yours. 12.27 Quote . . . Unquote. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre (S). 4.15 Any Answers? 4.45 Short Story. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Brain of Britain 1980 (S). 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 Kaleidoscope. 8.00 Riccardo Muti Conducts, part 1: Pergolesi (S). 8.45 A Rose is a Rose is a Rose (talk by Michael Gibson). 9.05 Riccardo Muti, part 2: Cherubini (S). 9.58 Weather. 10.00 The World Tonight. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

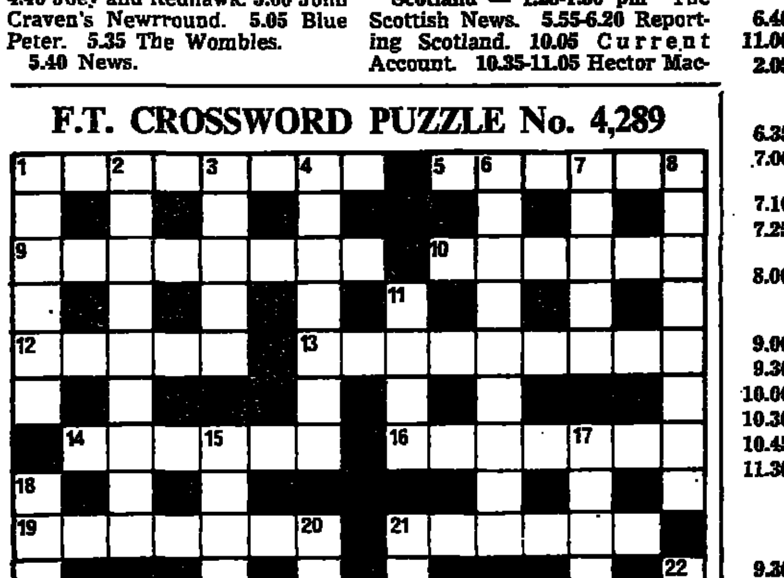
London Broadcasting

6.00 am AM with Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 8.00 pm After Eight. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 1.00 pm London Today First Report (S). 1.10 Dave Cash (S). 1.00 pm London First Report (S). 1.10 Dave Cash (continued). 3.00 Roger Scott (S). 7.00 London Today (S). 7.20 Lord George-Brown's Capital Commentary (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horn's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am John Sach's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,289



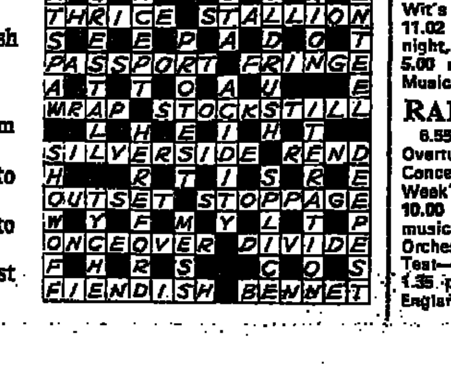
ACROSS

1 Be afraid of opening refuge (4-4)
5 Doctor's neat capital (6)
9 One Pole looked after fiancé (8)
10 Notice in place of counsel (6)
12 Apparatus for a down to earth traveller (5)
13 Left show by mistake (9)
14 Separate point to bring up (6)
16 Times do change for a dress-maker (7)
19 Limited to leaning one way (7)
21 Caught by warning light on curve in road (6)
23 Great day for one landlord in five (3, 6)
25 Fifty land in sea thread (5)
26 Animal mother left (6)
27 Daughter has one position to reserve (8)
28 Absence of affectation could be the end of rugby (2, 4)
29 Sacerdotal sound of English *novelist* (8)

DOWN

1 Move to church side of Ham (6)
2 Teachers united with goat to make quite a spread (3, 6)
3 As a result a layer goes to church (5)
4 Told a story to admit rest (3, 4)
6 Is the Adelphi so venerable? (3, 2, 4)
7 Hang on to third-class fish (5)
8 Contender who may be all in (8)
11 Wave to last pools entry (4)
15 Female lock-keeper girl outlawed we hear (5, 4)
17 Relative by marriage one Turkish leader hurries (5, 2, 2)
18 Lean on chap in reserve (5, 3)
20 Spoil sound of instrument (4)
21 Part of navy spreading infection (7)
22 Present call gets near with this (6)
24 Abandons depression (5)
25 Allow chap to sink into oblivion (5)

Solution to Puzzle No. 4,288



THE ARTS

Bath Festival

by DAVID MURRAY

At the beginning of the week the Festival offered a plain *embarras de richesses*, and Bath folk made a plain choice: they trooped to the Classics, and before new music they retreated in craven hordes. The English Chamber Orchestra Wind Players filled the Assembly Rooms for Mozart, and indeed *with* Mozart—their sumptuous performance of the great B-flat Serenade, K. 361 (now suspected of being a later work than Köchel reckoned), was worth coming a long way to hear. If the Assembly Rooms have not sounded a happy venue for voice or piano, the wind band found itself sonorously at home there.

Discreetly led by Neil Black's oboe, the ECO players revelled in the richness and subtlety of Mozart's ensemble writing. Never mind that the Adagio might have been lovelier still if taken adagio, rather than andante (an 18th century andante goes at a comfortable walking pace, an adagio precisely doesn't); the mingled quartets—one of double reeds, another of single reeds (clarinets and basset horns, with their own melting Trio in the first Menuetto) and a backing quartet of horns, besides a bass—were superbly balanced. The balance of the K. 452 Quintet was skewed by Clifford Benson's piano, interesting but disconcertingly aggressive, and prone to bold embellishments of which not all rang true.

With Haydn and Schubert the Philadelphia Quartet duly filled the Guildhall, too. Their leader wields an attractively light bow, but seems to lose no authority thereby; their late Haydn was perceptive and sprightly, their Schubert "Death and the Maiden" slightly soft-edged. Theirs is no more a household name than that of Ursula Oppens — but all the new music came in her two recitals, and not even her inclusion of a Beethoven masterpiece in each could procure her more than a token audience in either hall (and consisting in good part of metropolitan visitors). For the world première of Elliott Carter's *Night Fantasies*, his first solo piano work since the Sonata of 1945-46, that was doubly a pity: the Festival's artistic director, Sir William Glock, has long been a loyal advocate for Carter's music, and Miss Oppens is one of the four distinguished pianists who commissioned the new piece.

Some 22 minutes long, it distantly recalls not only Schumann's romantic piano cycles, but also Skryabin's late one-movement sonatas. It rotates several different musics, so to say, each invoking one of the four pianists, contrasted by rhythmic patterns and favoured intervals. The piano writing is brilliantly imaginative, though each of its elements has a lean silhouette; great excitement is generated as they come to proceed simultaneously on different levels, through cross-rhythmic tensions and rhetorical conflicts. All that was kept sensationally lucid by Miss Oppens, commanding a range of piano-colour that her Beethoven had barely suggested. She left no doubt about the grand expressive dimensions of the work, which will surely reward varied explorations by different pianists, like the Chopin Fantasy or a Ballade — I had a night fantasy about consecutive performances of it by the four dedicatees.

In her second recital Miss Oppens introduced the intemperately neo-romantic Four Pieces written for her by Frederic Rzewski, whose music is currently much esteemed in America. Shades of Villa-Lobos! Again the romantic panoply of piano-effects is brandished sweepingly, and with expansive exuberance. A sweetly innocent tune runs through all the pieces, threatened by magniloquent rumblings in the first. The second would be a *moto perpetuo*, hands often in flying unison echoing Ginastera's Sonata, were it not broken by dry croaks; the third develops plangent tintinnabulations through which Schubert's "Gretchen" seems to float, and the fourth, a trip-hammer toccata, evokes Liszt's "Mephisto" Waltz. They are colossally pianistic, and Miss Oppens delivered them ringingly. By comparison the vast First Sonata of Charles Ives, composed 70 years ago but still new, expounded with magnificent flair in Miss Oppens' first recital, seemed almost terse. Certainly its diction remains, like Carter's, sharply, authentically fresh.

Elizabeth Hall

The Rio Grande

by ANDREW CLEMENTS

In the middle of what was otherwise an entirely blameless programme of mainstream English music, on Tuesday evening Roy Wales and the London Concert Orchestra chose to include Samuel Barber's Adagio for strings. A curious choice, made curiouser because its simple effectiveness tended to point up the weakness of much of the music surrounding it; as a result only Constant Lambert's irrepressible *Rio Grande* made anything of an impression.

It's difficult to believe that Lambert wrote the work when only 17. Then Sibelius had yet to appear to him as the saviour of contemporary music, and his deceptively simple assumption of popular song and jazz was rather more profound than effortless pastiche. Difficult also to believe that Lambert would never write anything to approach its originality: few works by 20th century English composer can more truthfully be described as *sui generis*. It was unfortunate that Mr. Wales and his players (the pianist was Christopher Wood), did not make more of the jazz inflections, though the London Chorale sang enthusiastically and Gwyneth Lloyd made that quite unexpected solo contralto ending a moment of welcoming repose.

Miss Lloyd's contribution to Vaughan Williams's *Serenade to Music* was also its most notable feature; the version used was that for five soloists and chorus, instead of the original 16 solo voices, and stronger, more confidently characterised singing all round would have secured more atmosphere, a greater sense of magic. The London Concert Orchestra's playing did not inspire the greatest confidence; in Elgar's Serenade the strings need far greater refinement to bring off the kind of seraphic intensity that Mr. Wales seemed to be aiming for, and moments of uneasy co-ordination throughout the evening often took the edge off quite carefully managed effects.

Renato Capecchi as Falstaff at Glyndebourne

Glyndebourne

Falstaff

by RONALD CRICHTON

Falstaff, a masterpiece in many respects designed by nature for Glyndebourne, is back in a revival sponsored by the Peter Stuyvesant Foundation. Jean-Pierre Ponnelle's production has been rehearsed by Julian Hope. Time and Mr. Hope between them have smoothed out some of the noisy knockabout and the ramming home of visual points—no doubt a glorious evening with the real Sussex outside shaming the toy Warwickshire on stage helped too.

Mistress Quickly no longer bangs the chimes of midnight on her gong—they have been restored, with the magical effect formerly conspicuously absent, to the orchestra. The love-making of Nannetta and Fenton amid the weekly wash seems less fussed-up than before, though it would make better sense to forgo the silhouettes and place the couple between audience and the linen, hidden from the inquisitive wives. The presence at the Garter Inn of Falstaff's suit of armour still, one suspects, causes more perplexity than understanding, likewise the appearance during the nonet of a non-singing character, presumably Meg Page's silent husband.

In one respect *Falstaff* is not ideally for Glyndebourne—the matter of orchestral balance. Andrew Davis conducted a performance keenly enjoyable except that the LPO wind had it all the way, the strings falling right into the background apart from various sudden bushes (the knight's declaration to Alice Ford being one of them; which became in hte context possibly even more striking than Verdi intended. For the rest we had a sharply pointed partial view of the score, brightly illuminated. Verdi more than once sounded like Stravinsky, whose *Rake's Progress*, orchestrally speaking, is one of the best of all operas for this auditorium.

The stage is properly dominated by Renato Capecchi, in the title-role, a knobbly grotesque with wit, humour and tattered good-heartedness instantly piercing the hulk of befuddled, spoiled flesh. Mr. Capecchi's best singing days are gone by, but he can do wonderful and not far-fetched things with familiar lines. His timing in the finale of the knight's gradual ascent from humiliation to dominance is masterly. The emergence of the sodden Falstaff from the Thames, clambering up the river banks outside the inn, which so much pained colleagues preceded on Tuesday a ripe portrayal of the swift return, sack assisting, of absurd unporous enterprise.

There are two newcomers to Glyndebourne. Alberto Rinaldi's Ford is a thin-lipped dyspeptic, using his voice to the limits, matching the abrasive orchestra. The Nannetta, Lucia Aliberti, confirms the great promise shown at Wexford last season in *Crispino e la comare* — the intrusion of a hopping elf in her forest solo is a detail one still hopes to see removed. The merry wives are Teresa Cahill (Alice) and Claire Powell (Meg), both warm-voiced, neither singing with quite the freedom or fullness they will surely show later. Max-René Cossotti's Fenton is vocally as fresh and charming, and more secure than before. Among the remainin gfamiliars, there is an unusually positive Caius from John Fryatt.

Sadler's Wells

Darpana

by CLEMENT CRISP

Darpana is the South Indian dance company stemming from the academy directed by Mrinalini Sarabhai. Sarabhai, a magnificent stylist, we remember from previous visits to London, and I record with gratitude that her stage presence is no whit less powerful than it was when we first saw her. Her company is now headed by her daughter, Mallika Sarabhai, a lively artist in the Bharata Natyam style; the programme which I saw on Tuesday night—one of two during this fortnight's season at the Wells—comprised scenas arranged by Mme Sarabhai, and a final *Dance of Shiva* which evokes the Divine Dancer's presence when his worshippers perform in his name.

This last is conventionally the matter of Indian dance recitals. The two other pieces, while still exploring the religious world of Indian dance, are more obviously narrative. In a sequence which treats of the milk-maid Radha's desire for the presence of Krishna, Mallika Sarabhai proved a vivid interpreter of feelings of grief, and final joy in reunion with the god.

In this, as in the following puppet drama—the members of Darpana are expert manipulators of the beautiful leather puppets once used in shadow plays — understanding was much helped by the spoken expositions provided by Mme Sarabhai. But the best exposition came with her appearance in the final *Dance of Shiva*. Her grand manner, strong in outline as in emotion, was a magisterial display of *bharata natyam*, its vivid gestures and quickly shifting rhythms, and its ancient and ever-potent religious attitudes.

Giles Cooper play awards

The winners of the second Giles Cooper Awards for the best BBC radio plays of 1979, were announced yesterday, at a ceremony at Broadcasting House, London.

The awards, jointly sponsored by the BBC and the publisher Eyre Methuen, are named after one of the outstanding radio playwrights of the post-war years, and go to: Shirley Gee for *Typhoid Mary* (the Monday Play, Radio 4), directed by David Spenser; Carey Harrison for *I Never Killed my German* (Radio 3), directed by Shaun MacLoughlin; Barrie Keeffe for *Heaven Scent* (Radio 4s Just Before Midnight series), directed by Ronald Mason; John Kirkmorris for *Coxcomb* (Thirty Minute Theatre, Radio 4), directed by Richard Wortley; John Peacock for *Attard In Retirement* (Saturday Night Theatre, Radio 4), directed by Jane Morgan; and Olwen Wymark for *The Child* (Afternoon Theatre, Radio 4), directed by Richard Wortley.

The award-winning scripts were chosen from nearly 500 original plays broadcast in 1979 on Radio 3 and 4. One outstanding play was selected from the *Monday Play*, *Saturday Night* Theatre, Afternoon Theatre, Thirty Minute Theatre, the Just Before Midnight series and Radio 3's drama output.

The winning authors each receive a commemorative scroll from the BBC, a copy of the anthology co-published by Eyre Methuen and BBC publications in which the award-winning plays appear; and an advance on royalties from the publisher.

Giles Cooper, after whom the awards are named, devoted most of his writing life to the development of the radio play. His work has been a major factor in establishing the range and import of the radio play as an art form.

£1 banknote fetches £950

A rare, George V, Bradbury Dardanelles £1 black second issue banknote, overstamp in red, made £950 at the recent sales of Coins, Medals and Medallions held by Henry Spencer and Sons antique and fine art auctioneers, at Retford, Notts.

A collection of military cap badges, which came from the Sheffield area, realised £1,510. An album containing some 412 First World War franked envelopes, which had been opened and passed by various censors made £100.

Florence

Maggio musicale

by WILLIAM WEAVER

The 43rd Maggio musicale opened with a new production of Verdi's *Otello*, conducted by Riccardo Muti. The presence of Muti's name on the announcements was enough in itself to create immense anticipation—Muti, principal conductor of the Florence orchestra, is a local hero—and every performance was sold out as soon as tickets went on sale. Though in the event this was not an ideal mounting of Verdi's penultimate masterpiece, it was still an important *Otello*, and the excitement which vibrated throughout the Comunale was justified and understandable.

It was Muti's evening. As always, the Florence orchestra outdid itself under his direction (he has also been responsible for its thorough renovation). The chorus, too, was in superb form: aggressive when necessary, but also pliable and—as in the Third Act finale—sensitive, nuanced. Occasionally (for example, in the garden scene of Act Two) the orchestral balance sounded odd, but this oddness may have been an effect of the notoriously treacherous Comunale acoustics. Muti's interpretation was unusually tender, at times reflective, never rushed; the singers' solo scenes were accompanied with unusual delicacy. Thus Iago's narration of Cassio's dream, beautifully understated, assumed an even more menacing and eerie character than usual.

Renato Bruson was the Iago, a memorable interpretation. In the opening scenes he appeared disarmingly normal, affable. Then, as the drama progressed, his true nature became very gradually more evident, without being obvious. There was none of the sneering and snarling that characterises—and caricatures—most Iagos. As Otello, Carlo Cossutta was bluff, straightforward, vigorous; here there was little nuance (and the singing was on occasion insensitive), but he made a perfect foil for Bruson's Iago.

In the first act, encouraged by the ridiculous staging, Renata Scotto was affected both in her acting and in her singing (and now and then her over-calculated pianissimi did not work). But in the later scenes, and notably in the last, she seemed to forget that she is a great prima donna and became a suffering and moving human being. Her singing also improved in the course of the evening. The smaller roles were well cast, and the Cassio of Antonio Bevacqua merits special mention.

The single set was by Enrico Job. It seemed specially designed to make a proper prodction of *Otello* impossible; and because of it apparently, a number of features that the libretto—and the music—call for were blithely omitted. Thus there was no joyous fire at the opening; in the Brindisi only Cassio had a glass (or rather a fish-bowl containing what looked like Himbeersaft); there was no garden in Act Two. And, most ruinously, there was no bed in the last scene, so Desdemona had to fall asleep on the floor, her head resting awkwardly on a stool. To make matters worse, the lighting was "unrealistic": sudden explosions of illumination (when shining Venus was mentioned at the end of the love duet, the Northern Lights seemed to glow brightly at the rear of the stage), alternating with hateful spotlights which created total darkness around the singers' faces.

The producer was Miklós Jancsó, the film director, here making his operatic début. One can only hope he will return to the camera as soon as possible and stay there. Everything he did showed a complete ignorance of, and contempt for, Verdi's opera. The list of sins of omission is exceeded only by those of commission (making the chorus sway absurdly, as if on shipboard, during not only the Brindisi but also during the garden scene with Desdemona). The performance triumphed, thanks to Muti and Verdi, but only against tremendous obstacles. In interviews Muti expressed his pleasure in working with Jancsó; one can only deduce that the conductor has no visual sense (some of his collaborations with Luca Ronconi would confirm this deduction). A serious defect.

For these performances Muti used the critical edition of the score by Alberto Zedda and for the finale of Act Three he used the revised version Verdi made for Paris in 1894. This finale is more lightly scored than the familiar version (and Iago becomes more prominent). Muti's choice was in keeping with his intimate and penetrating view of the whole score. Personally I prefer the more rousing 1887 version, but I am glad to have heard Verdi's second thoughts, especially in such a thrilling musical context.

Gate Theatre, Notting Hill

Leonce & Lena

The Gate, situated above the Prince Albert pub just by Notting Hill Gate tube station, is the latest small fringe theatre devoted to the production of rarely seen classics on a postage stamp. The room is intimate without being claustrophobic, the wallpaper and red curtains supplying an incongrous suburban touch.

Under Lou Stein's direction, the enterprise, now in its second year, has had its champions and it is very difficult to start moaning when eight unpaid professional actors and an imaginative design team do the least known play by Georg Büchner. For a critic, this is one to collect, allegedly the first professional performance in London since 1947. But its chopped up scenography, satirical romanticism and curious attack on German provincialism demand an interpretative flair and size of presentation quite beyond the Gate's resources.

Stuart Fox as Leonce is dapper but precious, a little too like a tailor's dummy in his swish two-piece suit and pink tie. The Court's costumes, however, are ingenious and funny and are inhabited by two correctly outrageous performances from Oengus MacNamara and Mike Burnside.

MICHAEL COVENEY

More aid for Opera House plan

The Government is contributing another £1m towards the Royal Opera House re-building and improvements scheme. The aim is to improve the backstage facilities and then to build a new rehearsal room on land adjacent to the Opera House. The previous Government allocated £1m to the Development Appeal Fund and the appeal now totals £6m, including £1m from the GLC, but the latest cost estimates reveal that £9m is needed to finance the first and most vital phase of the development project.

The further £1m, subject to the approval of Parliament, will come from Arts Council money allocated in the year 1981-82, but the resources will be found within the existing provision of the arts budget, together with a contribution from the Environment department. The Government is very keen to encourage public and private sponsorship of the arts and the Minister, Mr. Norman St John Stevas pointed out yesterday that so far the Covent Garden appeal had drawn £5 from the private sector to every £1 from central Government.

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The Brussels Presidency

WHEN Mr. Roy Jenkins was appointed President of the Commission of the European Communities, many people hoped that he would lend the Commission a new authority and a new enthusiasm, above all perhaps that, as an Englishman with a considerable reputation as a politician of integrity, he could help to build bridges between the ideals of the Community and the stubborn distrust of British public opinion.

It cannot be said that these hopes have been fully justified. Mr. Jenkins' most signal achievement has been to relaunch, in the face of the derision of the sceptics, the idea of closer monetary union between the member states, and while the European Monetary System remains an imperfect construction, it has not fallen apart as its predecessors did, and it may yet prove the basis for further development in future.

Bargaining

Yet Mr. Jenkins has not restored the Commission to the central role it occupied in the early days of the Community, nor anything approaching it, and his period in office has not resulted in any lessening of the distrust of British public opinion. This is not his fault to any significant degree. The president of the Commission holds what appears to be a powerful, and at least ought to be an influential position, in the continual bargaining that goes on between the member states, but it is no longer as powerful nor even as influential as it once was.

This is partly because the 23-year-old Rome Treaty no longer provides clear and mandatory guidance for the next steps in the development of the Community, partly because the original enthusiasm of the founding fathers has evaporated in the face of intensifying economic problems to which national politicians (and national civil servants) feel that they and they alone can provide the answers. If national governments are resistant to the idea of closer European integration, the Commission loses the opportunity to play the role of motor to that integration, and its President becomes Europe's Cabinet Secretary.

This may be regrettable, at least to those who would like to think that the European Community should provide answers to problems that are old and recalcitrant, or new and transnational. But to say that a Roy Jenkins can no longer expect to carry the clout of, in their day, a Walter Hallstein or even a Sicco Mansholt, does not mean that the Commission is unimportant or its Presidency an office of no significance. On the contrary, negotiations between the member-states have become so sticky and protracted, even on the most mundane issues, that Europe's Cabinet Secretary has a vital role to play in smoothing the way at critical junctures. Paradoxically, this difficult conjuncture in the Community's development makes it more important, rather than less, that the nine governments should choose the most impressive possible figure to succeed Mr. Jenkins when he retires at the end of this year.

Several names have been bruited about as possible candidates to take over the job, including those of Mr. Gaston Thorn of Luxembourg and Mr. Filippo Maria Pandolfi of Italy, both of whom have real credentials. But perhaps the best choice would be Mr. Emilio Colombo, Foreign Minister and one-time Prime Minister of Italy and a "good European" of outstanding reputation. He played a masterly role in helping to patch up the long-running row over Britain's budget contribution to the Community, and showed skills of chairmanship and negotiation which would be of inestimable value in the presidency of the Commission.

Fascination

It may be that the fascination of Italian politics and the chance of a return to the top job in Rome would be too great to tempt a man of Colombo's standing; in the past, rather too many of the Italians on the Commission have shown a tendency to devote more of their time to Italian manoueverings than to their job in Brussels. But it would be a great pity if the member governments were to underestimate the degree to which they all depend on the quality of the president, *even though they* evince no great enthusiasm for rapid progress in integration at the moment.

One way not to face the music

IT IS NOT often that the Financial Times expresses support for militant industrial action. But it is impossible to avoid feeling sympathy for the boycott of BBC programmes which the Musicians Union imposed this week. This unprecedented action was provoked by the BBC's decision to disband five of its eleven house orchestras by August, in order to achieve a net saving of about £500,000 a year.

Disturbing

This £½m saving compares with a total of £130m which the BBC will have to cut off its budget over the next two years, as a result of successive governments' failure to increase the Licence Fee in line with inflation. But it is not disparity between these two which justifies the widespread hostility to the BBC's action, since almost any *economy*, when considered in isolation, can be made to look trivial. It is certainly arguable that a more determined attack on the BBC's bureaucracy and on its traditions of overmanning could have saved many times more than the disbanding of the orchestras. But the real importance of the dispute between the BBC and the musicians is that it reflects a trend in the BBC's whole philosophy which should be disturbing to admirers of the BBC's standards and of Britain's cultural achievements in recent decades.

If a broadcasting system funded by a compulsory licence fee, rather than by advertising or sponsorship, is needed at all, it is only because such a system can provide the nation with forms of entertainment, culture and information which commercial broadcasting is unable, or unlikely, to produce. But the BBC's priorities in searching for cuts suggest too little concern with Britain's cultural life and too great a pre-occupation with competing against commercial stations in areas where the need for public funding is not at all apparent.

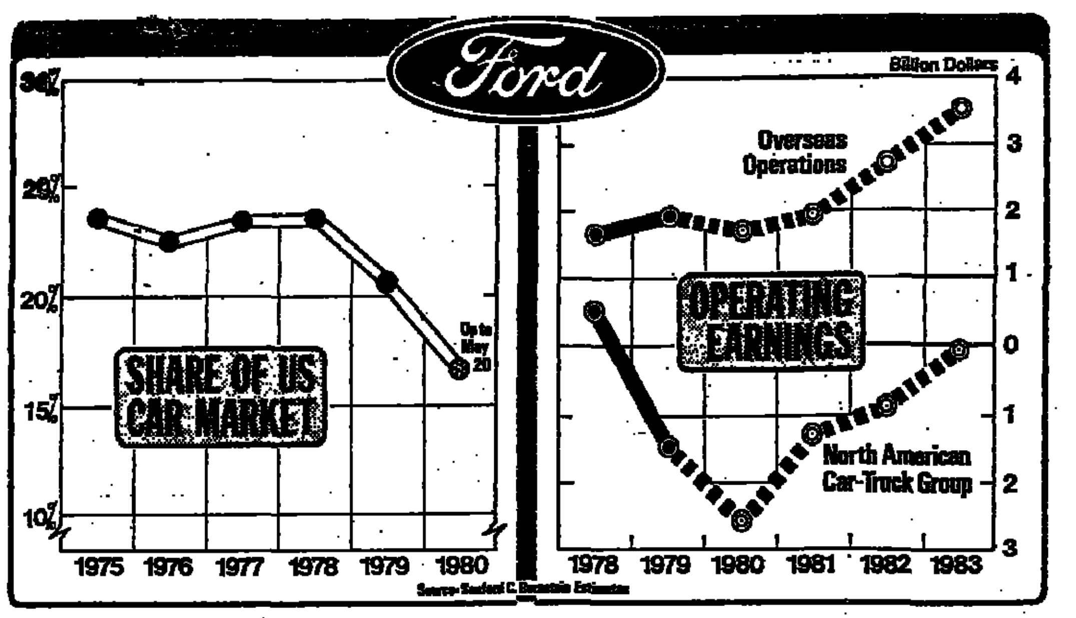
Thus, the largest single cut in BBC radio is to be achieved by axing the five regional orchestras, while far larger savings which could have been available from abandoning plans to expand local radio have not been attempted. Radio 3 and educational programmes have been cut back, but the popular music output on Radios 1 and 2 has emerged largely unscathed. Furthermore, if additional economies are required during the next two years, which seems quite likely in view of the optimistic inflation assumptions incorporated in the BBC's budget, the management has made no secret of its intention to drop all opera and ballet from television.

Local and popular radio would have been better candidates for pruning than the orchestras not because their programmes are in any sense unworthy, but simply because there is ample evidence that these popular services can function perfectly well on a commercial basis, without public funding. At a time when commercial radio has become firmly established throughout Britain and when the Government is, rightly, committed to increasing the amount of competition on the airways, a reduction in the BBC's output could easily be made good by other stations,

Arts sponsorship

None of this implies that the BBC's orchestras, or indeed its other "cultural" activities, should be preserved in their present form at all costs, or that the BBC must inevitably remain overwhelmingly the most unifficient sponsor of classical music in Britain. There is a case for reducing the number of full-time musicians employed by the BBC. But this does not mean that the BBC orchestras should be disbanded: while the BBC may have too many orchestras, a glut of orchestras is certainly not something that the music-lovers of Britain's regions would complain of.

It might make sense for the BBC to reduce its role as a patron of the arts, but only if it could do so without impoverishing the cultural life of the country, *and without lowering its* own broadcasting standards. The growing interest in arts sponsorship among businessmen could perhaps enable the BBC gradually to transfer some of the financial burdens for arts patronage which it now bears. But this could be achieved only through long-term co-operation between the BBC and other arts sponsors, which the BBC has not done enough to foster so far. The precipitate decision to axe half its orchestras at three months' notice did not show the concern about Britain's cultural needs which is, after all, one of the main reasons for publicly funding the BBC.



Mr. Philip Caldwell (centre) and two of the executives he has promoted to key roles in Ford's hoped-for recovery. Mr. Donald Petersen (left), company president, and Mr. Harold Poling, in charge of North American motor operations.

Where Ford U.S. got it wrong

BY IAN HARGREAVES IN NEW YORK

"Take $500 off an LTD Crown Victoria, $300 off a Thunderbird and $200 off a Pinto or Mustang. It's the broadest car buyer cash assistance programme in automotive history. See your Ford dealer today."

THAT IS how the car radio welcomes the visitor to Detroit, America's shabby, sprawling motor city, whose 15 per cent unemployment rate is more than twice the nation's average. Passing Ford's world headquarters the company's huge illuminated message board is: buy—buy now!

Inside the world headquarters there are some deeply anxious executives. The American public is not buying and when it is, it is more likely to buy from General Motors or Japan than from Ford. Ford will probably lose $2.5bn on its North American automotive business this year. Its profitable overseas operations—where it also has problems—will not save it from a heavy overall annual loss, compared with a $1.2bn profit last year.

There is talk of Ford being a second Chrysler. There is also talk of Ford—number four company in the Fortune 500—running into a cash crunch in 1983 or 1984.

"It is reasonable to recognise this as a very difficult year," says Mr. Philip Caldwell, passing a characteristically emotionless verdict on his own first year as chairman of the Ford Motor company. "But when the market comes back, I think there's reason to believe that it will come back more sharply than we had originally thought."

But pressed on the analogy with Chrysler, which has escaped the bankruptcy courts only with the help of government dollars, Mr. Caldwell concedes: "If all we had was car operations in North America, maybe that would be more like the Chrysler situation." Given that Ford sells three vehicles in North Amrica for every two it sells elsewhere, that is a very grave admission.

Ford's North American auto business is, indeed, horribly like the Chrysler position. Immediately after the 1974 oil crisis, Ford decided Americans would want smaller cars, so it went ahead to produce two small (by American standards) models. Within six months, thanks to Government efforts to keep down the price of petrol, Americans were again clamouring for big cars and Ford kicked itself.

Two years later, Ford was looking at its 1980-84 strategy and trying to decide whether to build a new small car, perhaps along the lines of the successful European Fiesta. Henry Ford II, then chairman, said no. Instead the company went for a 1978 medium-sized car and a 1979-1980 strategy of putting rather more economical engines into restyled, but still grand-looking big cars and relying upon the old small car models to carry that side of the market.

This strategy has been an unqualified disaster. Talking to Ford executives, you hear a lot about the luck of the Japanese in having all those small cars and the luck of GM in introducing its first small front wheel drive cars just after the Iranian crisis brought the energy message home to the U.S. But the fact is that Ford got the market wrong twice as it was approaching a period when it would need to carry a $3.5bn a year capital investment programme to meet future Government and market-dictated fuel economy requirements. Ford's share of the U.S. car market so far this year has been under 17 per cent, compared with 23.6 per cent in 1978.

Compounded by a credit squeeze, and now a recession, in the U.S., Ford's problems have become serious. Mr. Caldwell has responded by cutting the capital budget by 19 per cent, tightening cost controls, dismissing more than 6,000 white collar workers and laying off almost half Ford's hourly paid North American auto workers. Two assembly plants have been shut permanently, reducing Ford's North American car and truck assembly capacity by 14 per cent. The company's directors have either bravely or foolishly held the Ford dividend, but they cannot do so for much longer.

Naturally enough, Mr. Caldwell is eager to set these difficulties in the broader context. He points to the British operation, where Ford's market share last year grew to a record 28.6 per cent, to the fact that Ford is still number three in the non-North American market behind Peugeot and Toyota and to the non-auto operations which last year produced 20 per cent of Ford's operating profits on only 8 per cent of its sales.

But Ford will not be taking much comfort from some of these areas for a while. The diversified products division will, according to Mr. Tom Page, who runs it, struggle to break even this year, its highly profitable aerospace operations being dragged down by Ford's large steelmaking operation, now selling 80 per cent of products into a weak open market, and other businesses being tied to the motor trade.

Overseas, Ford maintained its overall market share last year, but lost ground in its second most important foreign market, West Germany, where a 1978 market share of 13.4 per cent slipped to 11.6 per cent and down to 9.5 per cent in the early part of this year. Japanese competition is again much to blame and Mr. Caldwell is strongly urging the West German Government to take action to curb Japanese imports.

The real problem for Ford Europe is that Ford's problems at home could leave it short of spending money at a time when its competitors—GM prominent among them—are making huge investments. Mr. Caldwell maintains that Ford Europe will continue to run "as a business standing on its own," but he adds ominously that he believes all capital budgets should be run "on the tight side."

It is still difficult to say how much money Ford will lose at home. For one thing, it has been coy about naming the parts of its existing operations which have become obsolete.

In some cases, it is simply too early to conclude that costly plant must be thrown on to the scrap heap, but when it comes, say, to eight cylinder engines, the scrap heap gates are already open. Ford recognises this, but is reluctant to disclose the full impact of the recognition.

The company's acclaimed *Proco engine project*, for example, a 27-year-old piece of development intended to bring to the market by 1984 a petrol driven engine with the no-carburettor fuel efficiency characteristics of the diesel engine, was based on an eight cylinder format. Now engineers are looking at four and six cylinder versions and the accountants are trying to decide whether a fundamentally high cost engine of the Proco type will ever be a marketable proposition in a small car.

This problem of premature obsolescence extends right through Ford's North American plans. It is virtually certain that the money spent on restyling the bigger cars for this year's launch will never be recouped. Less certain is whether the tooling costs for Ford's medium sized cars like the Fairmont (introduced in 1978) will ever be recovered.

That leaves the new small car, Ford's first "world car," which will be launched this autumn in both Europe and the U.S. under the main model name of Escort, familiar to Europe for a decade but new to Americans.

It is a nice loking car which will be available in a variety of styles from coupe to hatchback. It will be launched six months before GM's second generation small car — the J body. In Europe it will freshen up the product line at a critical moment.

Everyone at Ford is very excited about the product, which they say for the first time represents a collaboration of the minds of the most experienced international motor engineers in the world.

There are two main worries about this project: that Ford does not have enough capacity to build it in the quantities the market might require (less than half a million in the U.S. and a similar number in Europe in the first year because of shortage of four cylinder engine and transmission capacity) and that Ford does not know how much it will be able to charge for the car.

This problem of margins is critical. Car prices in the U.S. are traditionally set by General *Motors, which in spite of profit* problems in the current quarter is still getting stronger in terms of market share. GM, however, is all set to effect a revolution in U.S. car pricing by suggesting that car owners should pay more and not less for a small, *fuel-efficient car. In the past* American cars, like hamburgers, have been sold by the pound, with the result that Ford's Pinto, for example, sells at the absurdly low and almost certainly loss-making price of just over $4,000 per unit.

GM will go for higher margins rather than more market share principally because if it drives Ford out of business or into the arms of Government as, arguably, it now possesses *the power to do*, it will land itself in deep trouble with anti-trust authorities, which are still in the middle of a long examination of GM's market power in the U.S.

That leaves the Japanese. They have been selling three-quarters of the imports (and taking up to half the new car market in California this year) without using the price weapon at all. They are competitive, but they are not undercutting.

Ford claims that the Japanese can land a car in Detroit for $700 to $800 per unit less than Ford can, because of lower labour costs and a currently favourable yen-dollar exchange rate. In other words, if the Japanese choose to use even part of their pricing power against the US Escort—and the same goes to a degree for Ford West Germany—they can cripple Ford's most important model launch since the last war.

It is at this point in the discussion that Mr. Caldwell looks less than cool. "I think they understand that their long-term interests are not in overwhelming any market," he says, referring to the "other types of defence" the U.S. could be driven to. Mr. Caldwell's comments leave no doubt that he believes Japan has the production capacity and the marketing ability to gain further market share. He is also very *short of answers* when asked how and when Ford will be able to match the Japanese dollar for dollar in the U.S. market.

Then there is the question of the market. Detroit in general and Ford in particular have never been quite so in the dark about the motoring public's desires as they are now. Mr. Caldwell talks of the re-emergence of a market for five-seater, larger models when two-*car American families have to* replace their big cars. Mr. Tom Feaheny, another Ford executive, thinks that as many as 75 per cent of the cars on U.S. roads can be considered economically obsolete and that some day soon their owners are *going to have to* accept their value has been greatly reduced in the secondhand market and buy new, sparking perhaps an unprecedented sales boom, which would conceal most of Ford's problems in a wash of profits.

Another big unknown is the truck market, where Ford is close to being a match for GM in the U.S. Both companies were pleasantly surprised by the emergence of a vast market *in the past five years for the* "fun truck," the spare vehicle used for leisure expeditions. This market has been almost totally dead this year. Upon its return, says Mr. Caldwell, depends the existence of several Ford plants.

If everything turned out on the black side—a long U.S. recession involving weak car sales for most of 1980 and 1981 and unchecked Japanese advance into the U.S. and West Germany and no more fun trucks—Ford could be seriously weakened financially. Could it run into a cash crisis? Probably not, because although for the next two or even three years it would have to struggle to generate from profits any significant portion of its essential $3.5bn a year capital programme, it would still be able to raise the $4bn to $5bn it would need from lenders. This would push the company's gearing to its highest level for many years, but it could be done so as long as lenders accept that the economies made by the company in the interim and its performance in the market place have not yet jeopardised its future.

These questions may be premature, but the fact that they can be made about a company as powerful as Ford is a shocking revelation of how big and strong a motor company without state aid has to be to make it in today's conditions in the U.S. market. At root, and in spite of some mistakes, both *Ford's and Chrysler's problems* in the U.S. have been that they are not big enough to produce the variety of model lines needed to enable them to compete with General Motors.

MEN AND MATTERS

The rebels of London, N.1

For a publicity officer, Dr. Francis Melli keeps an extraordinary low profile, especially since his employers have just pulled off the most spectacular bang in their 68-year history. Melli, I should explain, spreads the word for the African National Congress which claims responsibility for the explosions at Sasol's refinery and oil bunkers last weekend.

He left South Africa in the '60s when the ANC was banned after the Sharpeville shootings, and now sits in the congress headquarters in London. Hard by Kings Cross Station in grubby Penton Stret, his base is well camouflaged behind an unmarked lime-green shop front flanked by a grocer and a kebab house. Not a bobby in sight, no guards, no posters, no name on the door.

Only a young man who opens *the door promptly, and ushers* visitors inside where the cramped disorder of the homely interior makes the tensions of South Africa seem far away. Upstairs sits Melli, barricaded by unsold pamphlets and screened by cigarette smoke. Is it the smoking or fear of bugs which leads him to speak in a hoarse whisper? As well as the sabotage strikes, he explains, the congress urges sympathisers in the country to strike, to demonstrate and to use non-co-operation to put over their views.

Ultimately, however, the ANC is convinced that only violence will bring about the desired changes, he says with a *hint of* regret.

"Now what have I said?"

On his toes

Trades union journals, usually stuffed with tedious expositions of industrial problems and their solution, can also find space for the airing of the brothers' more intimate troubles.

Geordie engineers' organiser Bill McDonald, writing in the Foundry Worker, firmly squashes the rumour going round that he has suffered a heart attack. "I can assure you," he writes with admirable disregard for the rule sof anatomy, "that I am bodily well and that the reason for my absence is an infection of the feet."

No competition

Lord Keith is a mellowed man. "I do not want to run anything any more," he told me as he prepared to leave the chairman's office of Hill Samuel. This hardly tallies with the reputation of the dominant, idiosyncratic manager developed during his 7½-year spell steering Rolls Royce. But, as he noted wistfully: "I am about to be 64. I would like to do a four-day week. At Rolls it was damn near seven days with a great deal of travelling." He is not, however, preparing to fade away into retirement. And although his four days already appear fairly well filled by ordinary mortal standards, he is busily sniffing out more work. "I will consider any interesting and lucrative notions," he said, to top up his established routines on his Norfolk farm, at the Philip Hill Investment Trust and in the House of Lords.

"There are one or two big industrial companies in the U.S. which have suggested I might do something with them." "No, not in the same fields as Rolls," he added hastily, "I would not do anything that would compete with them."

Back home

One of humanity's oldest relations, who disappeared in mysterious circumstances during the war, probably never left the place where he lived out his life some 500,000 years ago. He is Peking Man, or his skull and bones, whose vanishing act has perplexed archaeologists since 1941.

Retired U.S. businessman Christopher Janus now claims that the relics are probably still in Peking, counter to Chinese *claims that they were stolen by* the Americans. But Janus, who administers a foundation set up by family for preserving ancient remains, says that he has spent sevene yars and many thousands of dollars following clues which have led him back each time to China.

The last time Peking Man was seen was in 1941 when he was bundled up by the Kuomintang which had asked the Americans to keep him safe. Of the package there has since ben no sign. Now, in an attempt to test his theory, Janus has visited Peking letting it be known among the people that they too are eligible for the $150,000 reward he is offering for the recovery of the parcel.

Coming unstuck

Sorry to keep going on about the deficiences of the Post Office, but the truth seems simply to be that nothing works there any more. The latest complaint to reach my desk arrives via the U.S., where a current joke says that the British are so hard up that they cannot afford to put stamps on their letters.

As you and I know, things are not so bad. The trouble is that no matter how hard one licks and sticks, the stamps—especially the 15p version—will simply not stay put. "Our printers," explains the P.O., "have been under extreme pressure lately and our quality checks have revealed that some stamps have reached the public with insufficient gum."

All clear

Much thanks to Sir Peter Matthews, Chairman of Vickers, for explaining the economic problems which beset us. "At a time of high inflation, exorbitant interest rates and a relatively strong currency," he writes in his annual report, salary expectations rise, but in our industry the ability to pay *more has diminished through* reduced margins. Paradoxically, to increase profits and obtain more orders we must attract more skilled and able people and this we cannot do if we pay less than other comparable industries.

"The only answer is to achieve higher productivity and, of necessity, this has at times resulted in redundancies."

What a way . . .

With everyone so health-conscious these days, I feel readers should be informed of the dangers of living in the City of London. I have before me the Historical Register for 1719, which includes a list of common "diseases" which carried off citizens of the Square Mile in that year. It includes Twisting of the guts (54 cases), Rising of the lights (76), lethargy (7) and Suddenly (118).

Observer

ECONOMIC VIEWPOINT

It is much too early to cut MLR

There is a tide in the affairs of men
Which, taken at the flood, leads on to fortune,
Omitted, all the voyage of their life
Is bound in shallows and in miseries.

THE SETTLEMENT of the EEC Budget problem is at the upper end of the range thought possible by those of us who would prefer to stay in the EEC, but are prepared to take risks to reduce British burdens. Credit for it is due both to Italian diplomacy and the tenacity of the British Prime Minister.

But in deciding what to do with the new opportunity, Mrs. Thatcher faces an even more difficult test. She and her Ministers could respond to political and business pressures—and their own political instincts—by going all out for an early moderate cut in interest rates. They would thereby risk indefinite stop-go, stagflation and the likely need to raise interest rates again.

Alternatively, they could play it long, giving priority to anti-inflationary policies.

The present employment and profits recession is due to ingrained scepticism, born of experience, about whether monetary guidelines will be observed in the longer run; and hence severe pessimism about inflation prospects.

But there are some signs that this scepticism is being eroded. If Mrs. Thatcher can sit out the rise in both inflation and unemployment likely to continue in the published indicators up to the summer recess, and withstand too the shower which we have been warned will be delivered by the "wets" at the special economic Cabinet next month, inflationary expectations may come down at a speed to astonish the present cynics.

My own feeling is that the severity of the recessionary pains results mainly from the battle to transform inflationary psychology. Once that has been done, the output and employment cost of a fairly rapid monetary de-escalation may be little if at all greater than from a gradual approach. On the other hand, the anti-inflationary gains from a more rapid strategy could be enormously greater. In other words, the Government might as well be hung for a sheep as for a lamb.

To put this in concrete terms. If the pressure for an early reduction in MLR can be held off, the prize may be a far larger and more enduring drop in interest rates than the leaders of the CBI or the 1922 Committee can imagine in their wildest dreams. I have little doubt of Mrs. Thatcher's ability to withstand the political pressures. But can she withstand the

The shower which the "wets" in Cabinet will deliver next month

siren songs of the business leaders and business-influenced advisers whose advice from Munich to the present day has so often been perverse and deeply damaging to the prospects of competitive free enterprise to which they pay so much lip-service?

* * *

It is all the more important—at one of the very few partings of the way which history does provide — to avoid being deflected by side issues, one of which I should like to dispose of once and for all.

Whenever there is a slight sign of better economic understanding, someone is sure to spoil matters by saying: "It's credit they ought to control, not money." Then someone else will whisper: "They are looking at bank lending, not money, you know." It only needs someone else to talk about "disintermediation" to make me feel like climbing up the curtains.

The time has, therefore, come to emphasise that one will not get rid of real policy questions by playing about with definitions, or even with techniques, of monetary control. One can tighten or loosen monetary policy or keep it roughly where it is. But there is no magic wand which will tighten monetary policy from an anti-inflationary point of view, while simultaneously reducing the pressure on profits and employment — other than by altering public psychology.

That will happen only when monetary targets achieve credibility in the sense of lowering the inflationary expectations of those who set wages, prices and other controls. The process is held back by myriads of public sector acts — not only Clegg, but hosts of tribunals, government awards and administrative acts whose perpetrators take advantage of their privileged position to bypass market forces altogether.

But none of these problems will be put right by juggling with monetary technicalities. The case for indexed Government securities has frequently been put forward in this column; and an administration which is serious about fighting inflation has in any case no business issuing any long-term securities at all with interest denominated in nominal terms and yields well up to 13 per cent.

These proposals are made (a) to improve the credibility of official strategy and lower inflationary expectations: (b) to reduce the real risks in holding Government securities and (c) to improve the terms on which the Government can borrow. They do not, however, offer a mysterious way of tightening up and loosening simultaneously or change fundamentally the policy choices.

The key to wisdom is that bank credit and money are two aspects of the same thing—seen from opposite sides of the same balance sheet. The technical argument is about which items to exclude and which to include, and not between fundamentally different concepts.

The close relation between money and credit is shown in the Money and Debt table, takes from an excellent explanatory chapter in a publication with the uninviting title, CSO Financial Statistics Explanatory Handbook, 1980 edition. As the author states: "Money is created when the banking system increases its lending."

The middle items in that table consist of credit items: bank lending and notes and coin (which are a form of lending to the Government). The more important items in practice are bank lending to the private and public sectors. The lower items consist of those resulting liabilities which are excluded from the present principal official definition of money.

British banks have large foreign currency assets, largely offset by foreign currency liabilities. Any increase in net foreign currency liabilities, in practice small, is deducted from "Sterling M3." So, too, are increases in sterling deposits held overseas, a much larger kettle of fish. "Non-deposit liabilities" consist largely of capital invested by the banks, mostly reinvested profits. Lending financed in this way does not create deposits. Moreover, it is a moderate-sized and reasonably stable item.

There is one other important deduction. Domestic Credit Expansion (DCE) includes an important item not obvious from the middle of the Money and Debt table. It includes all overseas purchases of Government debt, irrespective of whether these purchases are official or private, bank or non-bank. This arises from the use of DCE as a monitoring device by the IMF. The Fund's presumption is that increases in the money supply, avoided only by Government borrowing abroad, are deceptive—as the money supply will shoot up or interest rates rocket skywards once this borrowing comes to an end.

In 1979-80 when sterling has been strong, this adjustment has been of minor importance.

As the Monetary Movements table shows, by far the most important reason why DCE was higher than the increase in Sterling M3 in the last year was the £2.8bn rise in overseas sterling deposits. This table, checked by Robert Thomas of Greenwells, is deliberately oversimplified and highlights those items which were in fact important in the year to April, 1980. (Hence the "etcs.") The meaningful question has been not whether to look at money or credit—which are just two sides of the same balance-sheet—but whether to include non-resident sterling deposits.

The official view is that increases in non-resident deposits are unlikely to be spent in the UK, as they are accounted for by items such as the working balances of international companies. But the 1979-80 rise was much larger than usual and much of it followed immediately on the abolition of exchange controls. Thus, it is possible that some at least of the increase represents funds which could be spent in the UK.

Moreover, it may not be a coincidence that the rise in overseas sterling deposits was more than sufficient to finance the current balance of payments deficit—i.e. the trade gap including invisibles—at a time of upward pressure on sterling. One's suspicion is that some of these balances are the unspent and unconverted proceeds of overseas exports to the UK.

Similar remarks apply to "UK residents' deposits in other currencies." These are neither in Sterling M3 nor in DCE, but are included in another aggregate "M3," which was the policy target up to a few years ago.

Thus consideration of both categories of excluded balances suggests that the "Sterling M3" figures slightly overstate the degree of monetary stringency over the last year. But a much more important source of overstatement has been through devices to offset the "corset" through which the authorities have tried to control the money supply by direct limits on banks' eligible liabilities. The leaks do not show up in the whole system of official identities set out in the tables. They have taken forms such as shifts from overdrafts to bill finance ("the bill leak") in which banks guarantee only finance provided from the rest of the private sector.

Messel's Gilt Monitor estimates that the removal of such distortions would add £2bn or 3½ per cent to Sterling M3 after the corset ends this June. A rebound in the money supply from this source will be mainly cosmetic; demonstrating not any loosening of control, but the fact that policy in the two years from mid-1978 to mid-1980 when the corset has been operative has been less tight than it looked.

Unfortunately, cosmetic effects cannot be neglected. The Government cannot afford to lose a trick in the battle to secure credibility for its monetary strategy, because of the virulent hostility to that strategy on the right as well as on the left, in business as well as in the unions. At the very least, the cry of "cosmetic" must not be made an excuse for exceeding the upper 7 to 11 per cent limit of the monetary target over a substantial period.

Samuel Britten

MONEY AND DEBT

Increase in sterling M3

=increase in
Notes and coin in circulation, PLUS
UK residents' sterling deposits

=increase in
Notes and coin in circulation, PLUS
Sterling lending to:
UK public sector
UK private sector
Overseas sector

LESS increase in:
Overseas sector sterling deposits
Foreign currency deposits net of foreign currency assets
Non-deposit liabilities (net)

DCE AND "STERLING M3"

Increase in sterling M3

DCE:
= (a) Public Sector Borrowing Requirement
(b) LESS purchases of public sector debt by the UK non-bank private sector
PLUS increase in sterling lending to:
(c) UK private sector
(d) Overseas sector

LESS increase in:
(e) External and foreign currency finance of the public sector
(f) Overseas sector sterling deposits
(g) Banking sector's foreign currency deposit liabilities net of foreign currency assets
(h) Banks' non-deposit liabilities (net)

KEY MONETARY MOVEMENTS

Change in year to April 1980*

	£bn
Bank and overseas lending to public sector	−0.4
ADD Bank's sterling lending to UK private sector	+8.9
ADD Bank's sterling lending overseas	+0.7
TOTAL, equals Domestic Credit Expansion	+9.2
DEDUCT increase in non-deposit liabilities, etc.	−1.0
EQUALS increase in total sterling deposits and notes and coin	+8.2
DEDUCT overseas sterling deposits	−2.8
EQUALS "Sterling M3"	+5.4
ADD UK residents' deposits *in other currencies*	+1.3
EQUALS "M3"	+6.7

* Not seasonally adjusted.

Letters to the Editor

Cigarette advertising

From A. J. McGuinness.

Sir,—Ronnie Kirkwood ("A defence of cigarette advertising," May 29) raises some interesting questions, but answers them in a way that should not go unchallenged.

First, in a society where smoking is widely practised and accepted, how is advertising (of the current kind) capable of persuading people to start smoking, or to smoke more heavily? One cannot deny that, in such an environment, social pressures to smoke, or to smoke more than otherwise, would be present even if there were no advertising. But it is also the case that there would be present a certain amount of resistance to such pressures, stemming from the knowledge that smoking can seriously damage health. Advertising (particularly of the current kind) arguably reduces this resistance, and thereby increases smoking. The particular features of current advertising that seem likely to erode resistance to smoking are its references to the low tar content of many brands (reflected partly in the heavy incidence, noted by Kirkwood, of a "bland and meaningless set of words referring to flavour and tobacco quality"). Recent advertising has not been beneficial to health by diverting smokers from higher-tar to lower-tar brands, but harmful to health by lowering people's resistance to the social pressures to smoke at all. An important lesson from this for the health lobby is that the appropriate instrument to control if people are not to be dissuaded from smoking less is the entire marketing strategy of tobacco firms, including the new brands they launch. Control of only one facet of marketing activity, such as total expenditure on media advertising, is likely to be ineffective if the amount or nature of other facets can be changed to compensate.

Second, is the goal of reducing smoking by the controls on marketing suggested above compatible with freedom of choice? The substantive issue here is whether one feels content with the circumstances in which the individual chooses whether or not to smoke. Mr. Kirkwood appears content with a situation in which the promotional activities of tobacco firms are constrained no more than at present, and people receive the existing warning that smoking can seriously damage health. It is no compromise to a belief in freedom of choice to suggest an adjustment might be desirable to the balance of information received by individuals before they exercise that choice. For sake of argument, one might feel content only if an equal sum of money were spent on anti-smoking publicity as on the promotion of smoking. This could be achieved either by a large increase in the finance given to such bodies as the Health Education Council, or by a substantial restriction of the marketing activities of tobacco firms.

Finally, Kirkwood refers to statistical evidence relating cigarette consumption to cigarette advertising. Metra, in a study commissioned jointly by Imperial Tobacco and Gallagher, found no statistically significant correlation between these variables, after lengthy discussion of a study by Cowling and myself which found one. The data used by Metra, having been supplied by the tobacco industry, are not available to other interested parties, being hidden behind a smokescreen of "confidentiality." This precludes an open comparative evaluation of different studies, and thereby seriously impairs the information available to members of the Government responsible for policy in this industry.

A. J. McGuinness,
Lecturer in Economics,
Division of Economic Studies.
University of Sheffield.

Unions and efficiency

From Professor D. R. Myddelton

Sir,—Mr. Frank Earl, national officer of the GMWU responsible for the Isle of Grain dispute, is reported as saying: "We are determined to stop other unions from doing our members' work." He added that if this was a crime he pleaded guilty. Perhaps it should be a crime for unions so blatantly to obstruct competition, but unfortunately they seem to be excluded from the new Competition Act.

Trade unions do not like competition. They would like to be protected by import controls; they possess the privilege of breaking voluntary agreements without penalty; and they insist on the power not only to strike (by withdrawing their own labour) but in practice to use physical force to threaten and intimidate any one willing to replace their members on the terms they rejected.

What John Stuart Mill wrote in 1869 remains true today; "There must be some better mode of sharing the fruits of human productive power than by diminishing their amount. Yet this is not only effect, but the intention, of many of the conditions imposed by some unions on workmen and on employers. . . . Some of the unionist regulations go even further than to prohibit improvements; they are contrived for the express purpose of making work inefficient. . . ."

The present Conservative Government was elected with overwhelming public support (even among trade union members) for reform of trade union privileges and practices. What a pity the government seems to lack either the wit to see what is wrong with the labour market or the nerve to do anything about it.

D. R. Myddelton,
Cranfield School of Management.
Cranfield, Bedford.

Part-time payments

From Mr. F. R. Finston.

Sir, — I have just read about the appointment of a chairman and vice-chairman at, respectively £15,000 and £7,500 per annum, on a part-time basis, to advise on the content of ITV 2. As both the gentlemen appointed are in highly paid "full time" positions, I should like through the courtesy of your columns to raise two points.

First, can such positions — if filled by appointment without previous publicity as to selection and interview — not be adequately recruited on the basis of the intellectual stimulus of the work and as a personal contribution to society, rather than by relatively high payment for a part-time function?

Second, is it not high time that all nominees for quango positions where more than reimbursement of expenses is paid, should be publicly advertised and filled by competitive interview?

Quite apart of the widely prevalent suspicion of jobs for the boys, is it not to be recommended that the public at large should have the assurance that recruitment and remuneration are likely to give best value to the taxpayer? Maybe this is another aspect of expenditure that Sir Derek Rayner should speedily examine and comment on to the Prime Minister.

F. R. Finston.
38, Abbey Gardens, NW8.

Profits v production

From Mr. M. Littlewood

Sir,—Anthony Harris's article of May 29 seems, amazingly, to consider that by stirring up the rabbits a bit in the economist's hat, all will be well with the non-oil sector of the economy.

The problems of the machine tool industry (and the industry in general) stem from decades of attempting to maximise profit in the short term at the expense of wealth-creating activities, such as design, improved manufacturing techniques, development of technical expertise, etc. Why this should be so is not difficult to understand. Most of our manufactures are produced by publicly quoted companies which (or rather their directors) are frightened of being taken over should their profits take a tumble.

The Stock Exchange reacts very rapidly to a poor set of results without, it seems, regard to the potential of new product developments, etc. In most cases, these can only be evaluated over an extended time period. The consequence has been to abort promising technical developments in favour of a safe set of figures. This is clearly an instant passport to decline.

All this results in a demoralised engineering staff. If someone should blow the whistle and shout full steam ahead, there is insufficient expertise available to produce the hoped for results. The ability to translate ideas into practice quickly and efficiently is achieved slowly over many years of attempting different solutions to a variety of problems.

European machine tool manufacturers are not blessed with innumerable geniuses. They plod steadily onwards logically following the technical and economic requirements. This is progress. Good engineering will produce good results. Good results manufactured by accountants will produce failure.

Having institutionalised our decline by the medium of the Stock Exchange with their old friends the pension funds, insurance companies, etc. and the predominance of career accountants in the running of our businesses, how do we climb back? Perhaps Anthony Harris could help.

M. Littlewood.
"Brookside,"
Whitchurch,
Ross-on-Wye, Herefordshire.

Quicker by abacus

From Mr. V. P. Emmerson

Sir,—Your section devoted to electronic calculators on May 28 made interesting reading. Your readers, however, may be amused to hear that during a business trip to Tokyo the cashier of a restaurant totalled the items on the bill using an abacus.

The speed with which she accomplished this act was astonishing. So much so that I asked that she do it again. The result was the same—incredible speed.

When asked why she used an abacus instead of a Japanese electronic calculator, she smiled and said that really the calculators are far too slow; you keep having to buy batteries; and of course, they do go wrong.

V. P. Emmerson.
The Oak,
Aston by Stone.
Staffs.

Construction in Ireland

From the Managing Director, The Construction Industry Federation.

Sir, — I refer to the article (May 2) headed "Labour troubles endanger Irish alumina project." In the course of the article it was stated "In 1979 a record 1.48m days were lost in strikes. Over 80 per cent was in the public sector and in construction. That large share was accounted for by a five-month postal strike. Apart from construction, only 300 days were lost in private industry.

The facts are as follows: 1.42m man-days were lost in 1979 due to strikes, of which 1.23m or 87 per cent were public sector. Construction, therefore, was certainly not a leader. Some 192,000 man-days or 13 per cent were lost in the private sector. To suggest that all other private-sector employment lost only 300 man-days while 191,700 were lost in the construction industry is patently at variance with the facts, particularly as all other private-sector employment considerably exceeds the construction industry.

The latest available Central Statistics Office figures are for 1978 and preceding years. They are as follows:—

	Total man-days lost all employments	Total man-days lost construction
1978	624,266	26,304
1977	442,145	47,070
1976	776,949	33,853

As construction is the largest industry here, after agriculture, employing 77,000 people, the record is reasonably good and contrary to the position implied in the article.

Thomas Reynolds.
9, Leeson Park, Dublin 6.

Inaction on day of action

From the General Secretary, General and Municipal Workers' Union

Sir,—Thank you for your letter of May 21 in which you state that you did not attend a meeting with the Prime Minister and presumably no representative of your newspaper attended a meeting with the Prime Minister in the circumstances I described at a Press Conference on Sunday, May 18.

I fully accept your assurance that you did not attend any such meeting with the Prime Minister.

David Basnett.
Thorne House,
Ruxley Ridge,
Claygate, Esher,
Surrey.

Today's Events

GENERAL

UK: Mr. David Howell, Energy Secretary, speaks on energy policies at London Europe Society lunch, London.

Mr. Patrick Jenkin, Social Services Secretary, speaks at Cheltenham and Edgbaston, Birmingham.

Mr. Tom King, Housing Minister, speaks at West Midlands Area Conservative Women's annual conference, Cheltenham.

European Parliament President, Mme. Simone Veil, receives honorary doctorate at Cambridge University.

Viscount Etienne Davignon, European Commissioner for industrial affairs, speaks at European Federation of Management Consultants Associations' conference on job creation in the '80s—the consultants role, London.

Public inquiry opens into Italian refinery scheme at Canvey Island.

Sir Peter Gadsden, Lord Mayor of London, lunches with Institute of Chartered Shipbrokers, Baltic Exchange; dines with Vintners' Company at Vintners' Hall.

Fine Art and Antiques Fair opens, Olympia (to June 14).

Three-day South of England Agricultural Show opens, Ardingly, Sussex.

PARLIAMENTARY BUSINESS

House of Commons: Debates on Opposition motions on the decision to charge "full cost" fees to overseas students and on the offence of loitering with intent under the Vagrancy Act, 1824.

House of Lords: Transport Bill, report stage.

Select Committees: Foreign Affairs, Room 8, 10.30 am. Welsh Affairs, Room 16, 4 pm. Home Affairs, Race relations and immigration sub-committee, Room 15, 4.30 pm.

OFFICIAL STATISTICS

Provisional figures of vehicle production (May). UK balance of payments (first quarter).

COMPANY MEETINGS

Amalgamated Metal Corp., Winchester House, Old Broad Street, EC, 10. Arcoelectric, Central Avenue, East Molesey, Surrey, 11. Brown Boveri Kent, Great Eastern Hotel, Liverpool Street, EC, 12. Dayles and Newman, Great Eastern Hotel, Liverpool Street, EC, 12. Lilleshall, Gower Street, St. George's, Telford, Shropshire, 12. Ottoman Bank, Great Eastern Hotel, Liverpool Street, EC, 12.30. Owen Owen, Clayton Square, Liverpool, 11.30. Rowan and Boden, Central Hotel, Glasgow, 10.30. Steel Bros., Sondes Place, Dorking, Surrey, 11.30. Triplevest, 117 Old Broad Street, EC, 12.15. Wilkinson Warburton, Pudsey, West Yorks., 11.30.

Little optimism as Comet improves to £5.6m midway

PRE-TAX profits of Comet Radiovision Services, retailer of electrical goods, gas appliances, home improvement products and jewellery, improved by £121,000 to £5.66m in the half-year to March 1, 1980. The pre-tax figure was struck after deducting £298,000 for the employees' profit-sharing scheme—no deduction was made last time.

Stated earnings per 5p share are 13.6p against an adjusted 14.5p, and the interim dividend is increased by 7½ per cent as forecast to 1.36167p—last year's total was an adjusted 3.5p from pre-tax profits of £9m.

The board states that throughout the retail divisions, margins have come under pressure and costs continue to increase as a percentage of turnover. Since the start of the second half, the level of trade in the company's stores during March and April has been in excess of 1979, but the company will not match the exceptional sales made in May and June last year.

The home improvement division also increased its sales. New Timberland branches in Sheffield, *Prestwick, Hull and Newcastle* have already been opened, and it is planned to open further branches in the next six months.

The *departmental* stores, Carmichael's and McOnomy, have continued to trade at break-even *levels and the board does not* expect them to make a significant contribution to the annual results.

The engineering and jewellery interests continue trading in a most satisfactory way despite all the difficulties which they have faced, says the board.

Although it does not view the immediate future with great optimism, the board believes that the company will be in an excellent position to take advantage of any increase in trade as it occurs. It will continue to expand cautiously, but even more attention will be paid to both costs and liquidity.

Turnover in the first half climbed from £85.81m to £114.82m. Of this total £105.81m was generated by retail activities.

Fixed assets amount to £14.02m (£12.4m at September 1, 1979) and net current assets are shown as £21.2m (£16.7m). There was a decrease in debtors from £7.61m to £5.48m. Shareholders fund amounts to £25.62m (£20.34m) and medium-term loans account for £6.02m (same).

Lex, Back Page

Highams down to £1.41m

FOLLOWING THE downturn *from £762,000 to £698,000 in the first half, pre-tax profits* of Highams, Lancashire - based textile manufacturer, *fell to* £1.41m in the year ended March 29, 1980, compared with the record £1.81m in 1978-79.

Inflationary pressures and deteriorating market conditions referred to last December, accelerated in the second half, resulting in the lower profit which nevertheless is the second highest the group has achieved, the directors say. Liquidity improved by £570,000 over the year.

Stated earnings per share are 11.05p against 14.33p but the final dividend is 2.779p lifting the year's total from 3.48p to 3.583p.

Turnover amounted to £25.7m compared with £27.33m. Profits are after interest of £275,298 (£159,390)—tax charge is £747,373 against £942,718.

Highams is one of Europe's largest makers of sheets, pillowcases and blankets. Subsidiaries are engaged in the manufacture of menswear and children's wear.

Liquidation for Royal Stafford

Royal Stafford China, whose business was founded in 1845, is to go into voluntary liquidation and it is proposed that Mr. G. A. Weiss of W. H. Cork, Gully and Company should be appointed as Liquidator.

Ceramics in the UK has traditionally been a *cyclical industry* and is currently suffering its worst recession as a result of increased costs, high interest rates and a strong pound, in the face of growing competition from overseas manufacturers and a general decline in demand.

In March this year, the directors gave notice that they intended to reduce overheads by combining the company's manufacturing operations with its parent's other factory at Stoke-on-Trent.

Maddock, which acquired the Royal Stafford China business in 1978, has provided it with loans of more than £800,000. Management accounts at the end of May show an excess of assets over liabilities of more than £300,000, excluding inter-group loans. But, with the continuing adverse business climate at Stoke-on-Trent the company is unable to raise further capital required to maintain trading.

A review of the group is being undertaken following which a further statement will be made.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Allied Leather	3.25	July 9	2.68	5	4.19
Armitage Shanks	2.9	Oct. 1	2.13*	4.4	3.47*
Buffels Gold	430‡	Aug. 8	120	590	200
Camford Eng.	1.63	July 25	1.63§	—	4.47§
Carr's Milling ......int.	1.25	July 4	1	—	3.5
Clydesdale Collieries	30‡	Aug. 22	18	45	26
Comet ......int.	1.36	Aug. 1	1.27*	—	3.5*
Eva Industries	3.25	Aug. 31	2.96	5.65	5.36
Griqualand Expl. ...int.	7.5‡	Aug. 22	20	—	32.5
Highams	2.78	Aug. 4	2.66	3.58	3.43
Thos. Locker	0.81	July 18	0.71	1.06	0.96
McCorquodale ......int.	2.64	July 28	2.64	—	7.51
Mountview Estates	1.7	Aug. 8	1	2.4	1.5
Oceana Development	1.7	July 16	0.67	1.17	0.67
Sentrust	37‡	Aug. 22	24	55	38
Stilfontein Gold ......int.	160‡	Aug. 8	35	—	135
Time Products	1.8	—	1.67*	2.25	1.83*
Trans-Natal Coal	16‡	Aug. 22	14	30	24
W. Rand Consold. ...int.	7.5‡	Aug. 8	7.5	—	17.5

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ South African cents throughout. § On capital prior to scrips and consolidation.

SOVEREIGN OIL

Approval has been granted under the provisions of rule 163 (3) for transactions in Sovereign Oil and Gas, formerly Siebens Oil and Gas UK, to take place without the need to seek the prior permission of the Stock Exchange Council.

HIGHLIGHTS

In the U.S. there is a very large volume of new bond issues now that interest rates have fallen. Lex looks at the reasons for this activity and considers the possible implica*tions for the UK market. Comet Radiovision has only just* managed to push pre-tax profits ahead at the interim stage and is having difficulty keeping its stock-turn up to scratch. Consortium bank MAIBL has given up the privileges of exemptions under the companies act and has gone for a more fully-disclosed position. Elsewhere, annual reports in yesterday's postbag included those of British Home Stores and Tootal, the latter gets a ticking-off from its auditors, and there are full-year results from Armitage Shanks, where Blue Circle's bid is on ice awaiting the result of a monopolies reference.

McCorquodale moves up £0.31m halfway

TURNOVER OF specialist printing group McCorquodale and Company increased by £8.27m to £40.12m and pre-tax profits moved ahead from £2.38m to £2.69m in the half year to March 31, 1980.

Further improvements were achieved by the group's North American companies, while in the UK profits were maintained despite rising cost pressures and increased competition in virtually all sections of the business.

Since the end of the period, however, the UK companies have suffered a setback *in April* and May from the recent NGA dispute. This has now been settled, but the Board says it is too early to predict the long-term effect of the cost of the consequent settlements and their impact on the full year's results.

Associates' contributions again increased and accounted for £2.29m (£2.11m) and £692,000 (£482,000) of turnover and pre-tax profits respectively.

Interest charges rose from £452,000 to £558,000. Tax was down to £644,000 (£737,000) and after extraordinary items, equity earnings improved from £1.59m to £1.88m.

Earnings per 50p share are shown marginally higher at 12.87p (12.84p) and the interim dividend is maintained at 2.64p net—last time the total was 7.51p on record £4.56m taxable profits.

Extraordinary debits of £171,000 (£53,000) mainly comprise unrealised exchange loss arising from revaluing the group's overseas net assets and foreign currency liabilities at exchange rates ruling at March 31, 1980.

● comment

The same-again interim dividend signposts the caution felt at McCorquodale about how the second half will develop in the wake of the printing strike. The direct damage to profits was probably contained within £500,000, allowing for work deferred rather than lost. But the dispute has opened another window onto UK business for the highly competitive Far Eastern printing industry. The US subsidiaries are at last out of the red and domestic security printing is buoyant, though less so for McCorquodale's cheques than for De La Rue's bank note operatives. Book production had a better-than-expected first half, but with indications of a duller second half. Engineering contributed around £40,000 for the half, bettering last year's strike-induced loss, but remains an area *of relatively low return on capi*tal. The full-year out-turn looks likely to maintain or marginally better last year's profits. The historic (and potentially prospective) fully-taxed p/e stands at 7.1. The shares slipped 3p yesterday to 100p, but both the yield of 11 per cent and net worth of 163p per share would seem to offer some support.

Slowdown expected by Carr's

ALTHOUGH PRE-TAX profits of Carr's Milling Industries show an increase from £475,000 to *£560,000* for the *26* weeks to March 1, 1980, the directors warn that the current high interest rates, together with the seasonal decline in demand for animal feedingstuffs will mean that this level of profitability will not be maintained in the second half.

For the 52 weeks ended September 1, 1979, this flour milling, animal feeding stuff making and bakery concern reported a pre-tax profit of £806,000.

Capital investment on modernisation last year assisted flour milling to make an increased profit contribution in the period under review, while the results from the animal feeding stuffs and bakery interests were satisfactory.

However, the depressed state of agriculture hindered the group's efforts to develop the agricultural merchanting side of its business.

The interim dividend is stepped up from 1p to 1.25p net per 25p share—the previous total was 3.5p.

External sales for the half year rose from £16.6m to £17.64m. Tax charge was £53,000 (nil), representing ACT on last year's final, and net profits moved up £32,000 to £507,000. The interim dividend absorbs £62,500.

Maurice James

Yesterday's EGM of Maurice James Industries in Coventry was adjourned because not enough preference shareholders voted in favour of the proposed partial redistribution of the capital.

The industrial holding group planned to reduce the nominal value of the ordinary shares from 20p to 10p, and to distribute 10p to shareholders.

Preference shareholders were being offered 35p cash per share in return for the cancellation of their shares, which confer the right to repayment of capital in priority to the ordinary shares. It was this offer which did not receive enough votes yesterday.

SPAIN

June 4	Price %	+ or −
Banco Bilbao	210	
Banco Central	238	
Banco Exterior	210	
Banco Hispano	209	
Banco Ind. Cat.	122	
Banco Madrid	141	
Banco Santander	257	
Banco Urquijo	150	
Banco Vizcaya	219	
Banco Zaragoza	200	
Dragados	80	−2
Espanola Zinc	61	
Fecsa	63	+0.8
Gal. Preciados	28.2	+0.7
Hidrola	67.2	+0.5
Iberduero	63.5	+0.5
Petroleos	109.2	−4.8
Petroliber	63	−2.0
Sogefisa	107	
Telefonica	56	−1.5
Union Elect.	63.7	−0.3

Tootal problems continue: auditors qualify accounts

THE DRAMATIC deterioration in trading conditions at Tootal in the final quarter of 1978 continued through January and is still influencing the group's performance, Mr. R. F. Audsley, chairman, says in his annual review.

Profits before tax in the year to January 31, 1980, fell from £21.1m to £14.64m and to £802,000 on a CCA basis. The attributable CCA loss is £16.72m against an historical profit of £8.54m.

Coopers and Lybrand, the group's auditors have also qualified the accounts regarding the treatment of trading losses of two subsidiaries sold during the year as well as the profit on the sale of the head office premises.

Mr. Audsley points out that loss making operations are being eliminated and capital is being committed to modernising the group's spinning and printing operations.

This work is to continue in the current year and the group expects to be in a position to take full advantage of improve*ments in trading conditions* which are expected later this year, the chairman adds.

CCA trading losses of businesses and factories which are being closed amounted to about £5m last year and there is a larger recovery potential from remedial action being taken in continuing businesses.

This is backed by the performance of the stronger parts of the group last year. Half of the group's profit centres earned CCA trading profits of about £11m last year, compared with the total for the group as a whole of £5.6m.

The £16.72m attributable CCA loss (before payment of dividends) is struck after deducting from the CCA pre-tax profit, tax, minorities and an extraordinary debit of £12.33m.

The extraordinary item comprises profit on disposal of subsidiary and associated companies of £5.87m, and *reorganisation* closure costs of £18.2m.

In the historical profit and loss account the extraordinary debit amounts to £907,000, being £8.2m reorganisation and closure costs and £7.3m profit on the sale of subsidiaries and associated companies.

The auditors say Tootal has deducted from the extraordinary items (in the profit on the disposal of subsidiaries) losses of two subsidiaries disposed of at the end of the half year of £1.22m. To accord with SSAP 14, this should have been charged in arriving at the pre-tax profit.

The group says that due to the seasonal nature of the businesses it would have been misleading to treat these losses in any other way.

The profit of £497,000 on the sale of the head office premises should, say the auditors, have been included in the extraordinary items *not* in the pre-tax profit as the group has done. This is to fall in with SSAP 6.

If the results were adjusted to reflect the auditors' comments, the historical pre-tax profit would have been reduced by £1.72m and a corresponding drop in earnings per share.

Meeting, Manchester, June 25, at noon.

Mountview earns and pays more

ON TURNOVER well up at £3.55m against £2.11m pre-tax profits of Mountview Estates, property dealing and investment concern, expanded to £1.93m for the year ended March 31, 1980, compared with £1.21m.

And the dividend is boosted to 2.4p (1.5p) net per 5p share with a final payment of 1.7p.

At the interim stage the directors said that results for the full year should be at least as good as those for 1978-79.

After the year's tax charge of £1m (£629,709) net profits came out at £925,907 (£581,979) giving earnings of 18.52p (11.64p) per share.

Interest received amounted to £4,929 (£6,502), and the figure charged was £14,640 (£16,138). After dividends' cost of £120,000 (£75,000) and a £2,000 (same) transfer to reserves, the amount retained was £803,907 (£504,979).

Eva Industries lower despite slight second-half rally

DESPITE IMPROVING its second half showing from £951,000 to £961,000, Eva Industries reports a drop from £1.98m to £1.87m in pre-tax profits for the year to March 31, 1980.

Mr. T. R. Astley, the chairman, says that in spite of everything—the engineers' strike, the steel strike, the high cost of borrowing, the inhibiting effect of a strong pound, a major devaluation in Brazil and the inevitable cost associated with setting up the Trantor production line—Eva Industries has emerged with its profits more or less intact.

He says the group is fortunate that demand for its agricultural tool division products is not affected by the UK economy but costs and profitability are affected.

The company is in the process of re-organising the management of its engineered products division to provide a base for future growth. Although at this point it is too early in the life of the Trantor project realistically to forecast the degree of ultimate acceptance of this vehicle market, response so far has been almost totally positive, he says.

After tax down from £629,000 to £330,000, stated earnings per 25p share are 15.3p against 12.3p, and the final dividend is raised from 2.96p to 3.25p for a total of 5.65p (5.36p). Dividends absorb £529,000 (£505,000).

Sales during the year edged ahead from £28.09m to £29.69m. Attributable profits are higher at £1.44m (£1.16m) after minorities of £106,000 (£196,000).

● comment

Eva's chairman has a fresh "catalogue of difficulties" to discuss in his annual statement. Profits are down for the second year running, but the result was not unexpected and the shares picked up 3p to close at 58p where the p/e is 3.6 on stated earnings and the yield is 14.7 per cent. There was some recovery in the agricultural tools division with profits creeping over the £1m mark. But the strength of sterling and hefty Brazilian devaluation distorts the picture. The group's largest subsidiary, Acotupy of Sau Paulo which manufactures around 5m shoes a year, saw a good rise in volume but currency movements chipped around £400,000 off the sterling conversion. The pound's rise has also hit UK hoe exports though the African markets are safe enough as sales tend to be in response to EEC aid programmes which stipulate European suppliers. Elsewhere there is stiff competition from the Chinese. The engineering operations in the UK were predictably dull, and development costs of the Trantor agricultural vehicle, £200,000 last year, have been written off profits. A substantial recovery this year for the group looks remote. Brazil and the Far East operations are moving reasonably well but two thirds of the business is still in the UK where trading is tough.

Progress at Coutinho Caro

Turnover of Coutinho Caro and Co., an unquoted associate of Coutinho Caro of Hamburg, was up from £95m to £154m for 1979 and pre-tax profits were higher at £3.95m compared with £2.88m previously.

Mr. H. A. Oppenheimer, chairman of the group, a supplier of steel, chemicals and industrial plant, says the results are better than he would have forecast at the beginning of the year. The balance sheet at the year-end showed the group in healthy condition.

Companies and Markets

UK COMPANY NEWS

Armitage Shanks ahead 38% to record £6.3m

THE satisfactory result expected by **Armitage Shanks Group** for the year ended March 29, 1980, emerges as a 38.3 per cent rise in pre-tax profits to £6.27m on turnover up 10.2 per cent at £53.93m.

Stated earnings per share are 15.69p against 9.52p and a final dividend of 2.9p effectively lifts the total from 3.466p to 4.4p.

Mr. K. Campbell, chairman, says *new housing starts are at* their lowest level since the war but group development of an increasing range of co-ordinated bathroom products which cover all manufacturing divisions has been a major contributor to buoyant sales in the UK and this, together with improved overseas profits, has greatly contributed to the record figures.

	52 weeks 1980 £000	1979 £000
Turnover	53,928	48,928
Interest	437	509
Profit before tax	6,270	4,532
Tax	1,081	1,356
Net profit	5,189	3,176
Minorities	246	184
Exchange losses	279	96
Extraord. debits	12	107
Attributable	4,652	2,789
Dividends	1,386	1,088
Retained	3,266	1,701

The sale of the builders' merchant subsidiary has reduced borrowing requirements by £1.5m which has resulted in lower interest charges.

The group has never been better placed to meet the continuing challenges imposed on it as a leader in the manufacture, world-wide, of equipment for the bathroom, the chairman adds.

Early this year, Armitage Shanks agreed terms for a bid from Blue Circle Industries, but this has been referred to the Monopolies Commission.

● comment

Shareholders in Armitage Shanks were probably right to accept BCI's offer initially but the Monopolies reference has not hurt the price so badly after all. Up 3p yesterday to 90p, the shares are now just ahead of the value of the bid as it was first announced. True, the terms now price Armitage at 105p per share on the all equity basis (or 96p with the cash kicker) but BCI's own shares would almost certainly react again given a Monopolies go-ahead. In any case, Armitage is only trading *at nine years fully taxed earnings* and yields 7.2 per cent after the 38 per cent rise in pre-tax profits, the balance-sheet is healthy and the group is clearly generating sufficient cash, with the NED proceeds, to support a £2.5m capital investment programme last year. *Ceramic Investments may have* stayed in as an uncomfortable minority but at least the point it was trying to make now looks that much clearer. BCI, it seems, would willingly bid again and may even contemplate a higher offer but Armitage looks solidly based at current levels without a speculative stimulant.

Allied Leather advances

PROFITS, BEFORE tax, of **Allied Leather Industries** advanced from £1.69m to a record £1.84m for 1979, with £592,000 against £466,000 coming in the first six months. The year's turnover was up from £18.4m to £23.6m.

Tax charge for the year was down from £845,579 to £783,948 and after *lower extraordinary credits of £86,347 (£152,996)*, attributable profits showed an increase from £934,664 to £1.14m.

Earnings per 25p share are *given* as 49.65p (37.37p) and the total dividend is raised from 4.1875p to 5p net with a final of 3.25p. Ordinary payments absorb *£100,000 (£83,750)*.

Time over £5.5m and pays higher dividend

WITH second half pre-tax profits advancing from £3.22m to £3.58m, **Time Products**, watch and clock distributor, and manufacturer and retailer of jewellery, reports figures for the year to January 31, 1980 up from £4.9m to £5.51m.

The pre-tax figure includes £1.34m (£1.38m) from associated companies.

After tax up from £611,000 to £725,000, stated earnings per 10p share are 10.8p (10.21p), and the final dividend is 1.8p for a total of 2.25p against an adjusted 1.834p.

Turnover for the year was up from £31.94m to £37.05m.

● comment

The years of explosive growth at Time Products are clearly over, but the group continues to make useful progress. Last year's 12.3 per cent profits rise was struck despite a lower contribution from the Hong Kong associates, where translated earnings were hit by the strength of sterling. The group is still expecting Hong Kong to be a major growth centre over the next few years, particularly for liquid crystal display (LCD) and quartz analogue watches. At home, the Christmas trade was late but abundant and Time apparently bought ahead of the sharpest bullion price rises. The group has ceased to distribute Citizen watches, which will result in a substantial loss elimination this year, while the strength of the balance sheet should produce a higher level of investment income. Against this, of course, is the prospect of a recession *which will damage watch sales.* The market is taking a cautious view of the shares which, at 66p, trade on 5.9 times stated earnings. The dividend, which is covered almost four times by historic earnings, produces a yield of 5 per cent.

BHS off to satisfactory start

A SATISFACTORY start in the first weeks of the current year has been made by **British Home Stores** and Sir Jack Callard, chairman, is confident that group performance will "again be above average," and it is well placed to meet the future.

Apart from physical expansion during the March 29, 1980 year, BHS embarked on a major programme of internal improvements to its stores.

The implementation of these development plans, which include the company's electronic point-of-sale project, will involve a high level of capital expenditure, the chairman states, and there will be further investment in SavaCentre, the group's joint hypermarket venture with J. Sainsbury.

Sir Jack says the group is convinced this programme is essential, "if we are to maintain our growth rate and profitability over the next decade."

As reported on May 13, taxable *profits for the year expanded* by some 25 per cent to a record £41.83m and the dividend is increased by the same to 8.75p (7p) net per share.

Stores were opened at Staines, Kilmarnock, Clydebank, Perth, Milton Keynes and Warrington, replacement stores at Kingston and Manchester and extensions at St. Helier (Jersey) and Glasgow, during the year which saw the largest physical expansion in the company's history.

This year the directors expect to open a store at Eastbourne, a replacement unit at Maidstone, in time for Christmas trading, and to complete an extension at St. Albans.

On a CCA basis historic profits were reduced to £35.65m against £28.54m.

Meeting, 129, Maryelebone Road, NW, on July 2 at 11.30 am.

Hoveringham £2.5m cover for offshoot

Following difficulties at the Superior Sand and Gravel subsidiary in the U.S., the directors of **Hoveringham Group** have decided to carry out a financial restructuring of the business and £2.5m has been set aside from reserves in respect of this further investment.

In his annual report, Mr. G. H. Christopher Needler, chairman, says high interest rates, inflation and the inevitable effect on house building are likely to prevent Hoveringham for some time yet from exploiting the real potential of this investment.

In 1979, Superior—the group's first acquisition in the U.S.—made only a marginal contribution to the year's trading surplus. After interest depreciation and land depletion, this resulted in *an operating loss of some £1m.*

The chairman says that following a management change, opening up of new working areas and the introduction of new equipment, the group was poised to take advantage of the U.S. major construction business. "The recession in the U.S. economy *could* not, however, have come at a worse time for us," Mr. Needler says.

For 1979, group pre-tax profits amounted to £3.81m against £4.86m on turnover of £61.67m compared with £45.59m. CCA profit is reduced to £1.94m after adjustments for depreciation, £2.31m, cost of sales, £388,000 and gearing, £825,000.

The chairman says the group can no longer take for granted the sort of growth that enterprise has won for Hoveringham in recent times, but he is hopeful that efforts in 1980 will be repaid as generously as in 1979.

Meeting, Nottingham, June 25 at noon.

Improved second half for Locker

IN THE second six months ended March 31, 1980, **Thomas Locker (Holdings)**, screening and filtration engineer, made up some of the ground lost at midway, when a shortfall of £0.57m was incurred. It finished the year at £1.78m, compared with £2.23m, *from turnover up £18.8m to* £20.41m.

First-half profits had fallen from £1.03m to £0.46m as a result of national strikes and a downturn in demand and reduced margins in some group activities; however, the second six months was expected to show a *significant* improvement—in the event, profits for the latter period were £1.32m (£1.2m).

Earnings per 5p share are given as 2.69p (2.82p) while a final dividend of 0.81p raises the total to 1.06p net, compared with 0.9625p.

After lower tax of £736,000 (£1.04m) net profits for the year were £1.04m, compared with £1.19m.

Unitisation not the answer says Lake View

The board of **Lake View Investment Trust** has studied the mechanisc and likely effects of unitisation and states emphatically that it does not believe that this process would offer a satisfactory solution to shareholders seeking an *interest in a long-term managed* fund.

Mr. C. Alan McLintock, the chairman, says there is no quick and easy solution to the discount problem, but the board believes that its managers have the resources—and they now also have currency and tax freedoms—to maintain the progressive record which can ultimately be the only justification for any form of collective investment.

Mr. McLintock says it is now thought appropriate to shift the company's emphasis more into the overseas sector and, in particular, towards the Pacific Basin area, which remains one of the fastest growing parts of the world where free enterprise economies predominate. The *company also wishes to maintain* its commitments to the energy-based and high technology sectors mainly in North America.

As known, net revenue in the year to March 31, 1980, was up from £1.55m to £2.15m. Current assets were lower at £1.21m (£3.22m), and there were net current liabilities of £826,328 against assets of £1.47m. There was a decrease in liquidity of £2.01m (£749,000).

RESULTS AND ACCOUNTS IN BRIEF

DE VERE HOTELS AND RESTAURANTS—Results for 1979 reported April 18, 1980. Current assets £8.59m (£6.36m), current liabilities £7.14m (£4.73m), working capital *decrease* £1.35m (£0.22m increase). Meeting, Connaught Rooms, London, W, June 25, at noon.

HUNTING ASSOCIATED INDUSTRIES (Aviation support, engineering, survey and photography group)—Results for 1979 and *prospects* reported May 16. Fixed assets £13.65m (£9.18m), net current assets £13.41m (£12.25m), increase in working capital £1.08m (£5.14m). Meeting, Avenfield House, London W, July 16 at 12.30 pm.

MORE O'FERRALL (outdoor advertising)—Results for 1979 reported May 13 with prospects. Group fixed assets £2.18m (£1.81m), net current assets £1.26m (£841,000). Net liquidity up £1.01m (£367,000). Ex-gratia pay*ment of £10,000 made to former director.* CCA *pre-tax* profit £2.48m against £2.79m historical. Chairman says strong demand for supersites has continued in 1980. Meeting, Brown's Hotel, W, July 3, at noon.

JOHN CROWTHER GROUP (cloth maker)—Results for 1979 reported May 10. Group fixed assets £1.89m (£2m), net current assets £222,489 *(£428,627). Increases in net overdraft* £486,000 (decrease £273,000). Chairman says company has adequate weaving capacity following reductions. Meeting, Huddersfield, June 25, at noon.

INTER-CITY INVESTMENT GROUP (clothing wholesaler and knitted fabric maker)—Results for 1979 reported May 3. Group fixed assets £1.31m (£1.22m), net current assets £978,000 (£1m). Net liquidity down £519,000 (£106,000). Current cost profit £78,000 (£606,000). Meeting, Winchester House, EC, on June 19, 10.30 am.

PORTER CHADBURN (brewery, marine engineering, cranes)—Results for year ended January 3, 1980, already known. Group fixed assets £1.97m (£1.65m). Net current assets £4.1m (£4.05m). Decrease in cash balances of £1.31m *(£85,000). Meeting, St. George's* Hotel, Liverpool, June 20, at 12.15 pm.

INVESTMENT TRUST OF GUERNSEY—Net asset value at May 27, 1980, 214p per share.

MAPPIN AND WEBB (jewellers—subsidiary of Sears Holdings)—Pre-tax profit for year to January 26, 1980, £3.86m (£3.04m). Turnover £38.7m (£31.7m). Tax £120,000 (credit £215,000). SSAP 15 adopted, comparisons adjusted.

TRUST UNION (investment trust)—Results for year to March 31, 1980, reported May 9. Investments £36.82m (£41.01m), including £28.41m (£32.59m) listed in Great Britain at mid-market value. Net current assets £511,932 (£872,190). Industrial and General Trust held 30.2 per cent of capital at year-end. Meeting, Winchester House, E.C., June 25, 2.30 p.m.

ADD GRAINS—Page 21

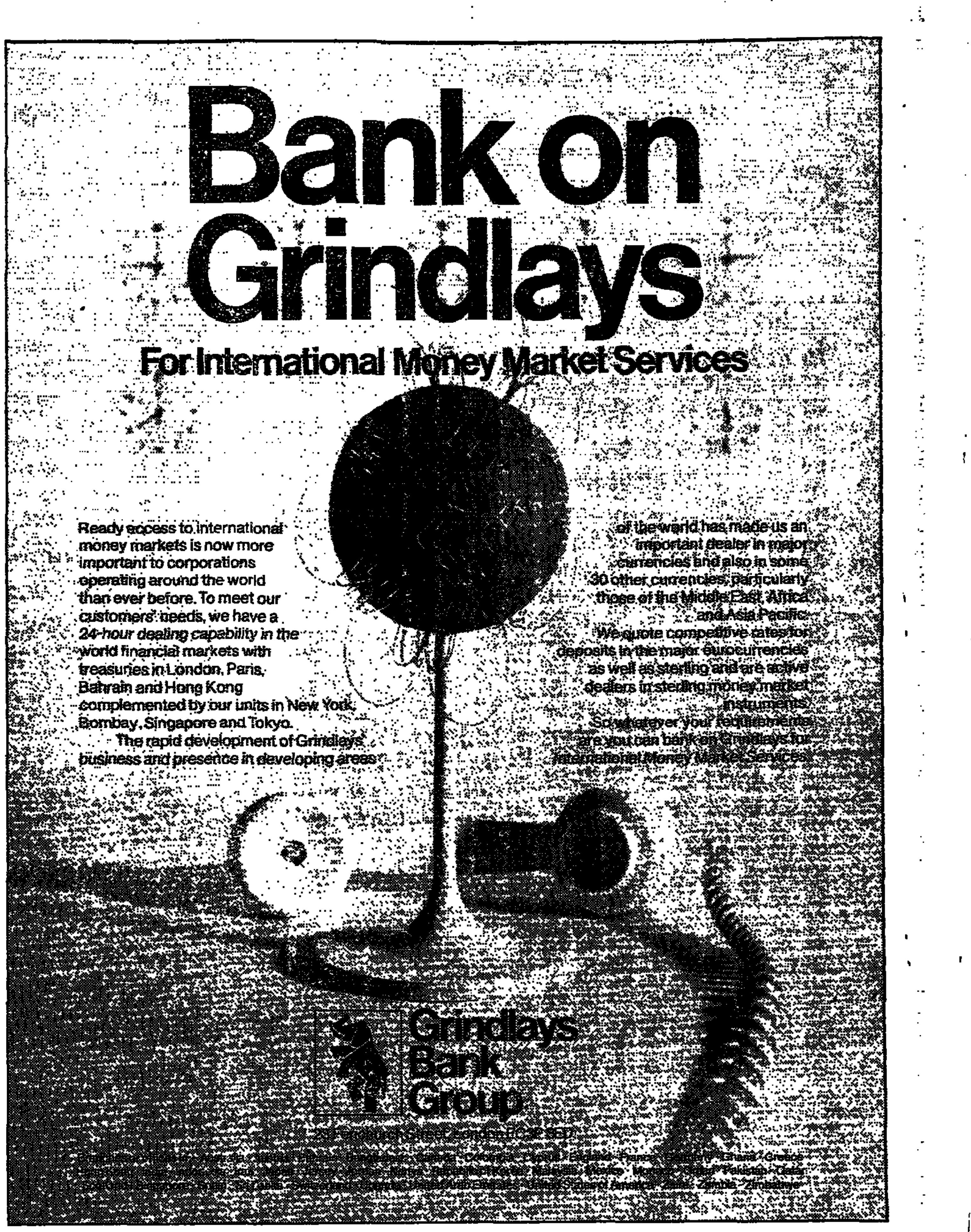
BRITISH SYPHON INDUSTRIES—Results for 1979 reported May 21. Shareholders' funds £6.73m (£5.39m) after goodwill £1.53m (£1.31m). Bank overdraft £2.72m (£1.78m). Loans £1.3m (£1.22m). Meeting, Sheffield, June 24, 12.30 pm.

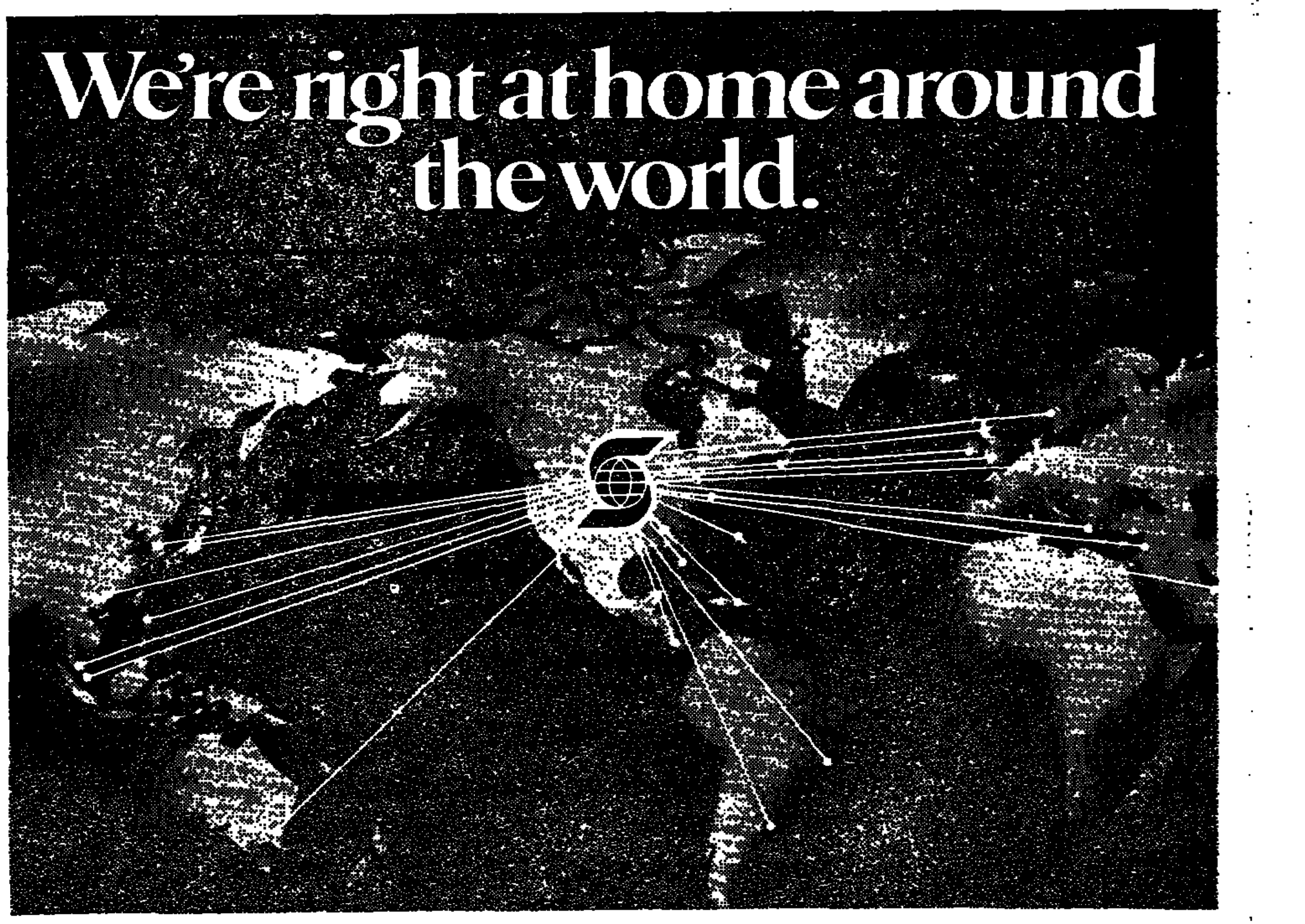
MARLBOROUGH PROPERTY HOLDINGS—Results for 1979 already reported. Shareholders' funds £2.47m (£2.02m). Short-term loans and overdrafts (secured) £2.43m (£2.39m) Investment Properties £4.14m (£3.33m). Mr. M. M. Large, chairman, disposed of 50,000 shares between December 31, 1979, and May 31, 1980, reducing his holding in company to 46.2 per cent. *Meeting, Howard Hotel, W.C., June 26,* at 11.30 am.

ALLEBONE AND SONS (footwear)—Results for year ended January 31, 1980, reported April 28. Group shareholders' fund £5.67m (£5.73m); bank *overdrafts* (secured) £2.12m (£1.71m); loan capital £273,000 (£282,000). The Board looks to the future with cautious optimism. Meeting, Kettering, June 26, *noon.*

TYSONS (contractors)—Results for 1979 already reported. Shareholders' interests, £1.44m (£1.86m). Stock and work in progress £3.45m (£2.25m). Bank overdraft £3.42m (£1.53m). Investment properties at cost £1.08m (£0.84m). Chairman says workload in 1980 shows signs of improvement. Meeting, Liverpool, June 27, at noon.

BLOCKLEYS (facing-brick manufacturers)—Results for 1979 reported May 3. Shareholders' funds £2.13m (£2.04m). Loan capital (secured) £40,000 (£60,000). At April 18, ICFC and associate held 16.28 per cent of equity. Meeting, Telford, June 25, noon.





MINING NEWS

Buffels paying 430c final

BY KENNETH MARSTON, MINING EDITOR

THE FEATURE of the June dividend declarations by the gold mines in the General Mining Union Corporation group is provided by Buffelsfontein with a much better than expected final of 430 cents (236p). It makes a total for the current year to June 30 of 590 cents against only 200 cents for 1978-79.

Stilfontein's latest interim of 160 cents comes at the lower end of sharemarket estimates, but it still exceeds the total paid for 1979 which was made up of an interim of 35 cents and a final of 100 cents.

After Tuesday's labour unrest which stopped work at one of Stilfontein's three shafts, the men involved returned to work yesterday. They made no demands and the mine management is trying to establish what grievances prompted the stoppage, according to a company spokesman.

West Rand Consolidated provides a disappointment with an unchanged interim of 7½ cents; last year's final was 10 cents. *Sentrust, the group's investment* company, is paying a final dividend of 37 cents to make a *1979-80 total of 55 cents* compared with 38 cents for the previous 12 months.

Of the coal companies in the *group*, Trans-Natal Coal is declaring a final for 1979-80 of 16 cents to make 30 cents against 24 cents. Clydesdale (Transvaal) Collieries is paying a final of 30 cents which brings the year's total to 45 cents against only 26 cents.

JANTAR

The Nigerian tin and columbite producer Jantar, a subsidiary of Bisichi Tin, had an operating profit in 1979 of £77,233 compared with £12,324 the year before.

A dividend of 1.5p is to be paid on June 25 from earnings of 2.35p per share. There was no dividend for 1978 where earnings were only 0.3p per share.

ROUND UP

America's Freeport Minerals is to sell its stake in Metals Exploration of Australia for around A$1.075 per share, and will invest the proceeds of some *A$4.86m* (£2.37m) in *its own* Australian and U.S. exploration programmes. Freeport expects the deal to be completed by the end of this month, and said yesterday that the shares were sold for distribution mainly to long-term institutional investors in Britain and Australia.

The Canadian company Pacific Copper Mines has set up a new company, Cymric Petroleums, to explore for oil and gas in western Canada and the U.S. Pacific Copper *expects to retain* a 45 per cent stake in Cymric when financing for the venture is complete.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims Brentnall Beard, Brooke

Interims: Brentnall Beard, Brooke Tool Engineering, Burco Dean, Hickson and Welch, Pleasurama.

Finals: Anglo American Corporation of South Africa, British and American Film, Cullen's Stores, Colter Guard Bridge, Electronic Rentals, Guthrie, Leigh Interests, Pegler-Hattersley, Plysu, Henry Wigfall.

FUTURE DATES

Interims—	
Bankers' Investment Trust ...	June 10
Great Northern Invest. Trust...	June 23
Saatchi and Saatchi	June 12
Finals—	
Alpine Soft Drinks	June 13
British Cinematograph Theatres	June 11
British Steam Specialties	June 19
Geevor Tin Mines	June 11
International Timber	June 10
M.K. Electric	June 16
Marston, Thompson and Evershed	July 1
Northern Goldsmiths	June 17
Spear (J. W.)	June 10
Tesco Stores	June 18
Walker and Staff	June 30

Sunshine earnings checked

THE striking advance in earnings at Sunshine Mining, the U.S. silver producer, has been rudely checked by a strike and, said Mr. Michael Boswell, the president, *yesterday*, there will "probably be a loss" in the second quarter.

There was little possibility of a profit, he said, and the strike which has lasted for three months could continue for a considerable time.

The company's results would depend entirely on the duration of the strike and the prevailing price of silver, Mr. Boswell made clear. *The price of silver at* present he termed "artificially depressed."

Last year Sunshine tripled earnings over 1978 to $11.66m (£5.06m) and attracted intense interest not least because of its plan for silver-backed bonds and its agreement to allow Arab investors 25 per cent of the equity. The last strike at the company mine in Idaho was in 1976 and lasted for 13 months.

Tanks' 49% earnings increase

THE MINING and industrial company, Tanks Consolidated Investments, is to pay a final dividend for 1979 of 8p per share, bringing the total for the year to 12p compared with 10p. This follows a 49 per cent rise in full-year net attributable profits to £3.94m. Earnings per share came out at 21.63p, up from 12.86p.

The main contributor was Union Miniere, the Belgian mining and investment group in which Tanks holds a 17.6 per cent stake. UM paid Tanks a total of £1.68m in dividends for 1979.

Exploration activities showed a profit for the year, following the decision to write back £533,156 spent on the Ashton diamond joint venture in Western Australia, in which the company has a 9.1 per cent interest.

Tanks said yesterday that it now considers Ashton "is likely to become a mining development."

There was an extraordinary credit of £653,405 arising from the writing back of a provision *for loan guarantees given on* behalf of the Benguela Rialway. These loans have now been repaid.

Tanks shares gained 15p to 285p yesterday.

Matthew Hall sees advance

HAVING started this year with healthy order books, Matthew Hall and Co., the energy and building services group, is looking to surpass its 1979 performance, says Sir Rupert Speir, the chairman, in his annual statement.

Last year, pre-tax profits rose from £7.17m to £7.57m, but the result was affected by the national transport and engineering disputes, and severe weather in the first part of that year. On a CCA basis, historical profits, before tax, are adjusted to *£5.41m (£5.98m)*.

Members are told that the Board is continually seeking to expand the group, to increase its expertise and to broaden its base. It is currently actively engaged in appraising closely-related companies for possible acquisition in the U.S. and is negotiating for two companies in the UK mining industry.

Meeting, Hotel Russell, WC, June 27, noon.

OIL and GAS NEWS

Woodside find needs tests

Australia's Woodside Petroleum is making further tests in the Buffon No. 1 well drilled in the Browse Basin of the North West Shelf and says it is having difficulties interpreting samples containing moderately high indications of gas. Buffon No. 1 is located in permit area WA/37/P.

The problems stem from the origin of the sediments, taken from between 3,779 and 4,415 metres, which are largely of volcanic origin. Woodside is used to dealing with sandstone reservoirs. The well is currently at a depth of 4,500 metres.

Additional side well cores have been taken and wireline tests will be run over the said interval in an effort to produce conclusive evidence.

On completion Woodside will have a 25 per cent interest in Buffon No. 1. Other interests in the well are BP Petroleum Development Australia, 41.66 per cent, Shell Development (Australia), 25 per cent and Hematite Petroleum, a subsidiary of BHP, 8.33 per cent.

* * *

The Silver Springs No. 6 well drilled by Australia's Bridge Oil in Queensland's Surat Basin has flowed gas, with associated condensate, at 6.9m cubic feet a day.

The well is one kilometre west of the gas producing Silver Springs No. 3 well and Bridge says its success should further extend the Silver Springs field's reserves.

Bridge and Offshore Oil each have a 50 per cent interest in the well. Australian Oil and Gas has a 10 per cent net profits interest.

The gas flowed after an open-hole drill stem test between the interval 6,177 and 6,197 feet. The well is the second of an eight well programme, costing A$3.3m, to further explore a number of areas in the Surat Basin during 1980.

* * *

Kirby Exploration has completed two new discovery wells in Texas, it was announced in Houston. There was a *combined* test rate of 2.9m cu ft a day. The Maulsby No. 1 well in Roberts County tested at a daily rate of 2m cu ft and produced 54 barrels of condensate a day.

* * *

Commercial quantities of natural gas have been found in the far north of the Philippines by PNOC Exploration at the San Antonio Onshore Well No. 1, according to the official news agency. But details were not forthcoming, save that more tests on the well are scheduled.

* * *

Weeks Petroleum has started exploration activities in the Gulf of Carpentaria, offshore Queensland, Australia. The licence area Q20P (*previously designated* as Q18P) was granted to the exploration group of which Weeks acts as operator on March 1. Some 800 *kilometres* of seismic will be conducted by Geophysical Services Incorporated for the group. The work will be performed in June and July and is the first step in evaluating the full exploration potential of the area.

Westpool Inv. increase at year-end

A substantial increase from £492,097 to £751,246 in pre-tax revenue is reported by Westpool Investment Trust for the year to April 30, 1980. Tax was higher at £252,535 compared with £181,458, and the stated earnings per 25p share are up from 4p to 6.05p.

Net asset value per share, after deducting prior charges at par, is 142.9p (170.7p). As already known, the second interim is 3.6p, making the total 6p, which includes a special non-recurring dividend of 1p.

Westpool has recently been involved in various deals, which will give it an approximate 88 per cent interest in London Merchant Securities (LMS). Westpool itself will be 57.3 per cent controlled by Lord Rayne, Rayne Companies and Rayne Trust. Westpool will lose its *investment trust status* for tax purposes and will become an investment holding company.

North British Steel shows improvement

IN THEIR interim report, the directors of North British Steel Group (Holdings) say that recently the order load in the lighter range of the company's foundry products received a valuable short-term boost and, as a result, the second half-year is showing improvement.

Markets at home and abroad remain depressed and competition is fiercer than ever before, while margins are narrowing and cost increases are formidable, they state.

Strenuous efforts, however, are being made to attract further orders to maintain the improvement.

BIDS AND DEALS

Cowie chief critical of Ewer defence move

George Ewer, the motor coach operator and motor trade distributor, which is fighting off a bid from T. Cowie, the Sunderland motor dealer, *has been* successful in its efforts to acquire Eastern Tractors (Holdings), a deal which has been sharply criticised by Cowie.

Ewer announced yesterday that its offer for ET—which involved the issue of 2.6m shares—had been accepted in respect of over 90 per cent of both the preference and ordinary capital. Both offers have become unconditional and remain open.

Under the terms of the Cowie bid, Ewer holders were offered 52½p per share but Cowie was prepared to pay 55p per share if the ET deal lapsed. The shares issued for ET would involve Cowie in an extra £1.4m payment for Ewer taking the value of the shares not owned by Cowie (it has control over 33.96 per cent) up to £7.5m.

Mr. Tom Cowie, chairman of Cowie, says he sees a major problem over the listing of the new Ewer shares issued under the deal. But Mr. Anthony Vincent, deputy chairman of Ewer, was confident that the ET purchase would be completed *without difficulty.*

Cowie has lodged a strong protest to the Stock Exchange over the ET acquisition and was still seeking to have the ET deal made subject to shareholders' consent.

Mr. Vincent said he remained confident that the ET deal was a *good* one. ET could quickly be brought round to make a real contribution to the group, he added. Referring to Cowie's dislike of the ET purchase, Mr. Vincent thought that it had something to do with gearing.

Cowie—which is sending out a letter answering Ewer's rejection of the bid—has called an EGM for next Monday to seek holders' approval for the directors to go ahead with the bid "at any price the directors deem reasonable."

Mr. Cowie said that this was not necesarily a prelude to an increased offer being made. He would wait and see what the reaction to the bid was but revealed that acceptances were flowing in fairly steadily. No figures were available but the *company said that it was reasonably* confident of a successful outcome.

Mr. Vincent said that he was very encouraged by the response from the shareholders in the company. He had received about 100 calls all of which were 100 per cent behind the board.

Grand Met. has 85% of Liggett votes

Following its previously announced tender offer, Grand Metropolitan now owns more than 89 per cent of Liggett Group's common stock and about 85 per cent of the company's total voting stock. *The total* includs shares acquired by Grand Metropolitan prior to the offer.

The Grand Metropolitan Board says around 6.79m shares of Liggett common stock, 33,000 of $5.25 cumulative convertible *preference stock and 41,300 of* 7 per cent cumulative preferred stock have been tendered.

The tendered shares include certain shares which require further documentation and shares which are subject to guarantees of delivery.

Third Mile/Sempah deal is 'fair and reasonable'

CHARTERED ACCOUNTANTS Wright, Fairbrother and Steel and Lubbock, Fine, independent advisers on the proopsed merger between Third Mile Investment (TM) and *Sempah (Holdings)*, have described the terms of one new share of TM for every seven of Sempah as "fair and reasonable."

TM and Sempah are closely related. TM has a 7.4 per cent stake in Sempah and is in turn 22.01 per cent owned by the latter.

TM is an investment holding company with a portfolio of property and security investments. In addition, it has a 75 per cent-owned subsidiary which markets stationery, and a 64 per cent interest in a company which makes and sellsapple juice.

Sempah also deals in securities and property, but is basically a cash sell, *whose stock market* listing was cancelled in June, 1978. Its assets tare held mainly in the form of listed securities, mostly foreign quoted, and some cash (£29,000 as at March 4).

Thus the scheme of arrangement, when effective, will iron out the cross-holdings between the two companies, since Sempah's *shares in TM* will be cancelled in becoming its wholly-owned subsidiary.

There are also other benefits for Sempah's shareholders. The offer values each Sempah share at 3.86p as against the last known transacted price of 0.5p in August last year. It had net liabilities of £560,000 as at March 4, *1980.*

After the merger, TM and Sempah will have combined net assets of £1.03m, or about 43p per TM share (now 30.4p per share).

Moreover, Sempah's shareholders, who have not received any dividend from the company since July 25, 1973, would now *be able to participate in* TM's 1980 dividend distribution, which is likely to be maintained at 1979's 1.225p net per share.

INCHCAPE OFFER UNCONDITIONAL

The offer on behalf of Inchcape International, a wholly-owned subsidiary of Inchcape, for all the preference capital of Assam Investments has been accepted by the holders of 95,573 preference shares representing 95.81 per cent of the preference capital.

The offer has now become unconditional in all respects and will remain open until further notice.

NEW COURT RESOURCES

New Court Natural Resources, through its wholly owned U.S. subsidiary, has entered into a conditional agreement to acquire working interests averaging about 10 per cent in 70 producing oil and gas wells, and in over 10,000 acres of undeveloped hydrocarbon leases in the states of Texas, Oklahoma and Kansas.

The acquisition will cost a total of U.S.$2.5m (£1.09m) and is expected to be completed within the next three months.

NCNR's share of the proved producing reserves will be about 130,000 barrels of oil and 600m cu. ft. of gas. The principal condition of the agreement is that satisfactory titles should be established to the interests to be acquired.

Most of the wells in which the interests will be acquired are fully equipped and in regular production.

NCNR is continuing to negotiate acquisitions of producing oil and gas properties.

SECOND CITY PROPERTIES

Control Securities has acquired, as an investment, a further 137,000 ordinary shares in Second City Properties from Union Mercantile (London) bringing holding to about 10.86 per cent.

The consideration for the purchase is the allotment to Mercantile of 200,000 fully paid ordinary of Control, which will not rank for any further dividend paid by Control for 1979-80.

TRICENTROL

Tricentrol has elected to provide for £326,990 of the payment due to Opman International (UK) in respect of its royalty interest in Tricentrol's share of production from the Thistle Field for the three month period ended May 31, 1980 by the issue of 92,500 ordinary shares.

REPORTS TO MEETINGS

Mixed results from GRE in early months of year

MR. TIM COLLINS, chairman of Guardian Royal Exchange, told members at the annual meeting that the early months of 1980 *had brought mixed results.*

The average cost of UK motor claims had already necessitated an increase in rates, and there could be further rises this year. He said it seemed inevitable that results in both Australia and Canada would fall further before the cycle turns, and the market in Germany continued to be difficult.

Howevey, investment income should be buoyant and life profits should advance modestly, he stated. Action had been taken to improve underwriting results in all of the group's areas of interest, and there would be the benefit of results from the U.S. acquistion, Midwestern Fidelity.

At other annual meetings, the chairman reported:

Pearl Asurance—First quarter trading loss of 1980 had been markedly less than that of the previous year said Mr. F. L. Garner. In the group's major division, the life side, there had been satisfactory growth of new business of the industrial branch, but new business in the ordinary branch had been somewhat less buoyant.

In the property account of the general branch, efforts to rectify the under-insurance which had been brought about by persistent inflation, had considerable success.

On the industrial and commercial property side, the *chairman said the group had* suffered its share in some of the unusually large fire losses which had arisen in the current year.

Revertex Chemicals — The group expected an improvement in trading profits for the current year.

Overseas companies continued to perform well and the group had held its market share which "should enable us to see some advance at the half-year."

The chairman added that in the second six months worthwhile contributions should be seen from the leatherboard manufacturing facility in South Africa, and the alkyd plant in Malaysia, both of which were now *fully* operational.

James Neill Holdings—Results for the first four months were not far off target with the cash movement more favourable than was forecast.

Overseas orders had been encouraging although the profitability of the group's export business was deteriorating.

Prime objective in 1980 *was* to pursue the group's re-equipment programme while keeping borrowings under tight control.

T. C. Harrison—While 1980 was proving to be difficult, the chairman said he was not unduly pessimistic for the future.

In the first three months new car sales had been at a very high level but with much reduced margins, and there had been a reduced demand for vehicles in April and May.

United Carriers—Profits were ahead for the first three months of the current year. Revaluation of properties revealed a £2.2m surplus over book value.

Wight Holdings—On the basis of companies' results for the first quarter the chairman said it was likely that the January 31, 1981, year's profits could be adversely affected.

London and Continental Advertising Holdings—Turnover and profits were ahead of the corresponding period last year and the group's liquidity position was strong. The chairman said the group was ready to take advantage of opportunities as they arose.

Gill and Duffus—The current year had started well, and progress had been better than anticipated at the year-end stage.

ICI CONVERSIONS

Holders of a further 478 $1,000 6¾ per cent convertible guaranteed bonds due 1997 have converted into Imperial Chemical Industries ordinary stock.

The number of bonds now outstanding is 42,498.

INTERNATIONAL COMPANIES and FINANCE

Nicholas Colchester looks at Merrill Lynch's ambitions for its overseas banking operations

A drive to scotch the stockbroker image

The brief and unsuccessful attempt by Merrill Lynch International Banking Group to court a merger with Hill Samuel was not undertaken lightly. Before talks began Merrill Lynch's top management in New York was already committed in principle to the idea—one put to them by Mr. David Montagu and Mr. John Craven, the new chairman and vice chairman of the banking group, only months after the pair had been put in control.

Coming on top of such an expensive infusion of top management, this commitment showed the earnest with which Merrill Lynch is trying to build up its presence in international banking. MLIB has shareholders funds of some $80m, of which $65m is in the Panamanian holding bank and $15m in the London operation. This is roughly one tenth of the capital of Merrill Lynch and Company in New York. Hill Samuel has revealed shareholders funds equivalent to $180m and a market capitalisation of $130m—a big bite in the context of Merrill Lynch's international operations.

Mr. David Montagu says wistfully of the initiative: "it was a perfect fit and it would have taken Merrill Lynch International a great quantum leap forwards." In one stroke it would have made MLIB much more the diversified financial services group which its parent has become so successfully in the U.S. Hill Samuel is one of the most diversified of the British merchant banks with its interests in fund management, insurance broking and consulting, ship broking and life assurance.

The acquisition would have given Merrill Lynch a solid foothold in the British banking market, and, more important, it would have done much to raise Merrill Lynch's profile as a *bank* and to give it a more independent identity. Despite its eight years of effort in establishing a banking presence in London, the image of Merrill Lynch abroad remains that of a giant broker dabbling in banking—an image which Merrill Lynch transformed in the U.S. in the early 1970s.

The basis of Merrill Lynch is a potent sales organisation, 8,000 salesmen strong, which stands ready to sell securities or other financial services across the U.S. and in many corners of the world. It was this sales strength which allowed Merrill Lynch to break so emphatically into the U.S. investment banking business in the last 1960s and early 1970s, establishing itself as the leading raiser of finance for issuers of securities. From there it went on to provide other financial services in the U.S. through its sales network—insurance, real estate, mortgages and a service called "cash management account" which comes close to retail banking.

Abroad, the transformation has lagged behind that in the U.S. and so far has not had its impetus. Although MLIB raised more than $7bn of international finance through loans and bonds last year and is one of the few U.S. investment banks engaged in the syndicated loan business abroad, it is still not, comparatively speaking, in the same league as its parent is at home.

MLIB was not among the 20 to plead managers of Eurobond issues last year according to Euromoney and U.S. investment banks and two U.S. commercial banks were ahead of it and while it was 39th largest organiser of syndicated loans, Shearson Loeb Rhoades was ahead of it. It was only in arranging "Yankee" bond issues (foreign bond issues in the U.S.) that MLIB was pre-eminent and it is perhaps significant that this is a business in which U.S. placing power can be harnessed.

Part of the problem may be that Merrill Lynch's structure abroad has from its origins been diffuse, both functionally and geographically. The initial thrust of Merrill Lynch's post-war international expansion as a broker was centred on Paris. It was not till 1972 that MLIB was set up in London as a joint venture (initially) with the UK merchant bank Brown Shipley. Thereafter Merrill Lynch functioned for a time with investment banking activities in Paris, more banking in London, securities sales worldwide masterminded from Paris, and securities trading centred in Zurich.

It was the job of Mr. Milan Kerno, Mr. David Montagu's predecessor at MLIB and still an executive director, to shift the centre of gravity firmly to London from 1976 onwards. He brought banking, investment banking and securities trading together in London. But securities sales, the "International Marketing Group," remained, and remains, in Paris under Mr. Micheli Potsios. He controls some 900 people in 37 sales offices in 27 countries.

The structure of Merrill Lynch abroad remains complicated: it is, according to Mr. J. Arthur Urcioli, the president of Merrill Lynch International in New York, the "creation of lawyers and tax experts." Particularly eye-catching is the Panama Bank which owns the London bank and the Paris marketing arm. Mr. Urcioli maintains that the management structure is simple, dividing cleanly between banking and marketing. But he also admits that there must be more cross-fertilisation between the two sides of the business and that "we would certainly like to clarify and simplify the public perception of Merrill Lynch International."

Mr. Kerno feels that MLIB has now achieved a size and a structure where two bankers of well-established calibre are just what it needs to take off. "David Montagu and John Craven will continue what I started, and I am delighted," he says.

The two men bring somewhat different talents to bear on the task of attaining lift-off. Mr. Craven developed his skills in the rigorous atmosphere of S. G. Warburg. He is adept at the mechanics of international financing and already has his sleeves rolled up in arranging issues at Merrill Lynch. At Warburgs he learnt the value of a tight ship with a meticulous flow of internal information. He applied that principle with success in managing Credit Suisse White Weld. He now has the considerable challenge of introducing it into MLIB's large and divided structure.

David Montagu is more of a banking statesman, the archetypal chairman, a delegator adept at the sort of high level contact needed to bring off the big deal or the merger. Combination with Hill Samuel would have got his chairmanship off to a most emphatic start, providing both him and Merrill Lynch with a clear-cut London banking vehicle. He now says he must "get down to nuts and bolts" but it is a fair guess that he will make other merger

MAIBL discloses reserves

By Peter Montagnon

MIDLAND and International Banks (MAIBL) has become the first British bank since the clearing banks in 1969 to relinquish its disclosure exemption under the Company's Act allowing it to maintain hidden reserves.

The Bank said yesterday it had unwound the hidden reserves and transferred £4m ($9.2m) to general published reserves and the balance to the existing general provision for bad and doubtful debts.

However, the bank was still not ready to disclose the extent of bad debt provisions—or loan losses which were "extremely modest." The decision to relinquish hidden reserves thus has virtually no impact on the transparency of the balance sheet.

Meanwhile MAIBL, the oldest consortium bank and now the largest in terms of protfis, increased pre-tax profits last year by 9.28 per cent to £10.63m ($24.5m).

Heir apparent emerges at Walt Disney

By David Lascelles in New York

THE HEIR apparent to the top job at Walt Disney Productions has emerged as Mr. Ronald Miller, 46, who currently heads the company's film and television operations.

Mr. Miller, who is married to a daughter of the late Mr. Walt Disney, the founder of the Disney group, has been appointed as chief operating officer of Disney in a management reshuffle.

Mr. Miller is expected to succeed Mr. Cardon Walker, 63, Disney's chairman and chief executive officer, although the transfer of power may not happen for a year or two. Before the reshuffle Mr. Walker had been president as well as chief executive, and he replaces Mr. Donn Tatium, the former chairman, who becomes chairman of the executive committee.

Disney said the appointment of Mr. Miller was part of "a major reorganisation of its management structure to better position the company to maximise future potential and to allow for executive growth and experience so as to ensure an orderly and planned transfer of responsibility to future management."

Beatrice Foods sees peak year

CHICAGO — Beatrice Foods, one of the largest U.S. food manufacturers, expects "relatively flat" first quarter earnings but looks for record results for fiscal 1981, according to Mr. James L. Dutt, the chairman.

In the quarter ended May 31, 1979, Beatrice earned 70 cents a share and $2.81 in the year ended February 29, 1980.

Mr. Dutt said he is "comfortable" with analysts' estimates of a gain in fiscal 1981 earnings of about 10 per cent although the company hoped for a somewhat larger increase.

For fiscal 1980, Beatrice Foods reported an 11 per cent gain in both sales and earnings.

Mr. Dutt said that about one-half of this year's earnings increase, or about 14 cents a share, is expected to come from the divestiture of "several problem operations" that had a total loss of about $14m last year.

These include Harman-Kardon, James B. Lansing Sound and the Airstream Mobile Home operations.

Mr. Dutt said that Beatrice Foods plans no major acquisitions in fiscal 1981.

Mr. Donald P. Eckrich, the president, said that the recession should have only a minor impact on the company's food operations, which represent over 60 per cent of its earnings. He added that he expects significant growth in international operations this year.
Reuter

Reliance Group expects growth

BY OUR FINANCIAL STAFF

MR. SAUL P. STEINBERG, chairman of Reliance Group, the U.S. insurance and real estate concern which owns 22.1 per cent of Rothschild Investment Trust, told shareholders at yesterday's annual meeting that the company expected 1980 results to exceed the record figures achieved in 1979.

After the meeting Mr. Steinberg said he expected operating income to top the $66.9m of last year. This total was 14 per cent ahead of the previous year and came on revenues up from $1.13bn to $1.27bn.

Operating income worked out at $6.80 a share last year, based on the average 9.1m shares outstanding. At March 31 this year the group had only 6.1m shares outstanding after a series of repurchases last year and early this year.

Mr. Steinberg said the company expected continued pressure on its property and casualty underwriting results because of inflation, price competition and inadequate rate relief.

He said, however, that Reliance's pricing and emphasis on growth in selected markets may mitigate some of the effects on the underwriting results.

Mr. Steinberg owned close to 20 per cent of Reliance's capital on April 1 and Leasco Corporation, a company majority owned by him and his family interests, has recently sought Securities and Exchange Commission approval to buy an additional 1m shares.

INTERNATIONAL CAPITAL MARKETS

Strong rise in dollar Eurobonds

By Our Euromarkets Staff

DOLLAR EUROBOND prices rose strongly yesterday as the market was buoyed by a renewed decline in short term interest rates. Average gains were ⅝ point.

Three-month Eurodollars were quoted ⅝ points lower at 9⅞, while in New York, Chase Manhattan initiated a further round of prime cuts by reducing its rate to 13 per cent from 14. A further boost to the market came from a statement in New Orleans by Mr. William Miller, U.S. Treasury Secretary, who said that credit controls may be dismantled within months.

These factors helped the Euromarket to gain on the back of a marked advance in New York, where the market is comfortably digesting an exceptionally large spate of new issues.

There were two new issues too in the international dollar sector. Hudson's Bay Company is to raise $50m over 10 years with an indicated coupon of 11¾ per cent at par. Issue manager is Morgan Stanley. The European Investment Bank is floating a $100m issue through Credit Suisse First Boston. This *is an eight year, 11 per cent* issue priced at par.

Much of the impetus for yesterday's price advance came from U.S. buying. The terms of the Hudson's Bay issue underline the higher yields in the Euromarket compared with New York. But some dealers also reported retail interest from European investors who seem to be slowly overcoming their concern about the U.S. currency.

The Deutsche Mark sector was quietly firmer yesterday ahead of today's holiday. The 9 per cent coupon on the DM 120m bonds Deutsche Bank is arranging for the Republic of South Africa contrasts with the 8¼ per cent being paid by Austria in the DM private placement sector. It underlines the premium South Africa must pay for long-term money in view of the uncertain political situation in the region.

Brazil with its large debt problem faces an even higher premium. Its development bank BNDE is floating a DM 150m issue through Commerzbank with a coupon of 9¼ per cent over eight years priced at 99½ per cent.

Meanwhile Reuters reported from Tokyo that Brazil's proposed offering in the Samurai bond market had been delayed because of pricing difficulties in the light of Brazil's large balance of payments deficit.

The Republic of Finland is to be the first sovereign borrower to tap the Euroyen market. The issue, to be finalised next week by lead manager Daiwa Securities, is only the sixth Euroyen bond and the first since last August. The Y15bn of seven-year bonds are likely to carry a coupon of around 8¼ per cent. The Kingdom of Sweden is expected to be the next borrower on this market in July.

DM120m bond for South Africa

BY QUENTIN PEEL IN JOHANNESBURG

THE SOUTH AFRICAN Government is to return to the Eurobond market for the first time since before the outbreak of the Soweto riots in 1976, with a public bond issue of DM 120m.

The issue, details of which were announced yesterday by Sen. Owen Horwood, the South African Minister of Finance, is intended primarily to underline the substantial recovery of South Africa's international credit rating — in spite of the latest bout of unrest among black and coloured schoolchildren, and the dramatic sabotage attempts on the Sasol synthetic fuel plants earlier this week.

With Deutsche Bank as lead manager, the issue will carry an interest rate of 9 per cent, an issue price at par, and will have a maturity of seven years. Both the rate of interest and the maturity are considerably better than anything South African borrowers have managed to arrange since 1976.

Since then, South Africa has managed to turn a current account deficit on the balance of payments of almost R1.6bn ($2bn) into a surplus in 1979 of R3.1bn ($3.9bn), due both to the soaring gold price and a big increase in other mineral exports.

Sen. Horwood said that South Africa was technically not in need of large amounts of foreign loans, because of its large payments surplus. However, the placing and pricing of the issue "can only be interpreted as a sign of overseas confidence in South Africa and a recognition of South Africa's enormous balance of payments strength and sound domestic economic situation," he said.

Government officials indicated yesterday that the loan would be used in part to retire earlier credits granted at less favourable rates.

Sen. Horwood said that apart from a small public issue of $25m in 1976, the last major foreign public issue by the South African Government was in 1972, for DM 100m. Since then, the Government and public corporations like the Electricity Supply Commission have raised foreign loans mainly in the form of syndicated bank loans and private placements.

U.S. QUARTERLIES

BROWN GROUP	1980	1979
Second quarter	$	$
Revenue	301.3m	277.1m
Net profits	9.64m	8.88m
Net per share	1.32	1.22
Six months		
Revenue	603.4m	538.2m
Net profits	20.76m	19.13m
Net per share	2.84	2.62

LEVITZ FURNITURE	1980	1979
First quarter	$	$
Revenue	122.3m	122.7m
Net profits	2.9m	3.99m
Net per share	0.68	0.94

J. P. STEVENS	1980	1979
Second quarter	$	$
Revenue	515.5m	455.4m
Net profits	10.41m	10.16m
Net per share	0.74	0.72
Six months		
Revenue	950.6m	890.0m
Net profits	20.61m	19.84m
Net per share	1.45	1.40

TIDEWATER INC.	1980	1979
Fourth quarter	$	$
Revenue	73.6m	56.4m
Net profits	11.7m	6.02m
Net per share	1.06	0.55
Year		
Revenue	265.4m	221.4m
Net profits	33.1m	28.2m
Net per share	3.01	2.41

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on June 4

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	92¾	92¾	+0½	−0½	11.37
Australian Res. 9¾ 84	30	94¾	95¼	+0¼	−0¾	11.13
Beneficial Fin. 9¾ 87	100	92¼	92¾	+0¼	−0¾	11.33
CECA Grad. Rate 12 86	100	97½	98¼	+0¼	−0½	12.45
CECA 11⅝ 90	50	98¾	98⅞	+0¼	−0⅜	11.87
CECA 11½ 88	100	99¾	99⅞	+0½	+0¼	11.57
Canadian Pacific 9¾ 89	50	91⅞	92¾	+0¼	−0½	11.18
Carter Hawley 9⅞ 86	50	92½	93	+0½	−0⅝	11.46
Continental Grp. 9¾ 86	100	92½	93	+0¾	−1	11.33
Denmark 11¾ 90	100	99	99½	+0¼	+0¾	11.88
Dome Petroleum 13½ 92	50	102¾	102⅞	+0¼	−0⅜	13.04
EIB 11¾ 92	80	99½	100	+1⅛	+0⅞	11.77
EIB 13¾ 90	100	107½	108	+0¾	−0⅜	12.35
Eksportfinans 11¾ 87	50	99½	100	+0¼	+0½	11.77
Export Dv. Cpn. 9¾ 84	150	95⅞	[illegible]	+0⅞	−0¼	10.91
Export Dv. Cpn. 12¾ 87	100	105⅛	105⅝	+0¾	−0⅞	11.55
European Comm. 11 95	75	96⅝	97⅛	+0¾	+0½	11.44
Federal Dev. Bk. 12¾ 85	75	103⅛	103⅞	−0½	0	11.25
Ford O/S Fin. 12⅝ 85	250	100⅞	101⅜	[illegible]	+0⅞	12.30
George Weston 13½ 87	30	†101½	102⅛	+1⅛	+0⅞	13.07
GTE Finance 9¾ 89	55	87¾	87⅞	+0⅞	0	12.06
GMAC 9⅞ 86	100	92	92½	+0¾	−0⅝	11.08
GMAC O/S Fin. 11 84	100	[illegible]	[illegible]	[illegible]	[illegible]	11.07
GMAC O/S Fin. 13¾ 85	100	105⅞	106⅛	+0½	−0⅝	11.78
Goodyear O/S 12½ 87	75	99⅛	[illegible]	[illegible]	+0¾	12.56
ICI Fin. Ned. 11 83	100	100⅞	[illegible]	[illegible]	[illegible]	10.94
Kennecott Int. 9½ 86	100	85½	86	−0⅜	−1⅞	13.09
McGraw 13¾ 85	75	100⅞	101⅛	+0⅜	+0⅞	13.15
Michelin 10 94	125	90¾	91¼	+3⅞	+2⅞	11.29
Nat. Des. Telecm. 9½ 86	100	92⅞	93⅞	+0½	−0⅝	11.18
New Brunswick 9⅞ 94	75	88⅞	89	+1½	+1½	11.39
Newfoundland 10 94	50	89¾	90¼	+0⅞	−0⅞	11.46
Norway 9½ 84	150	95⅞	96¼	+0½	−0⅜	10.75
Norwest Ind. 13⅞ 87	50	99⅝	100⅛	+0½	+1⅞	13.64
Nova Scotia Pwr. 9¾ 89	50	91⅞	92⅜	+1⅛	+0⅞	11.18
Sears Roebuck 9 82	150	97⅜	97⅞	+0⅞	−0⅞	10.62
SNCF 12¾ 85	50	104⅛	104⅝	+0⅛	0	11.13
Statoil 9¾ 89	100	91½	91⅞	+0⅞	0	11.12
Swed. Ex. Cred. 12½ 85	40	102⅛	102⅝	+0⅞	+0⅛	11.78
Sweden 9⅞ 89	100	91½	92	+0⅜	−0½	11.26
Sweden 9¾ 84	100	96	96½	+0⅛	−0½	10.88
Warner-Lambert 9 84	100	94⅛	94⅞	+0⅞	−0⅝	10.68

Average price changes... On day +0⅝ on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 90	200	108½	109¼	+0¼	−0⅛	8.63
Australia 8½ 90	250	104¾	105¼	+0¼	+0⅞	7.95
BFCE 7¾ 87	100	98	98½	−0½	−0¾	8.09
BFCE 8⅜ 95	100	97⅞	98⅛	0	−0⅞	8.33
Brazil 8 87	150	94¾	95⅛	−0¼	+2⅞	8.92
CECA 7 91	150	90⅞	91⅛	−0½	−1	8.25
Council of Eur. 7⅞ 89	100	93¾	94¼	+0⅜	−0⅞	8.20
Denmark 7⅞ 86	100	97¾	98	−0⅛	−0⅞	8.40
Denmark 8⅝ 92	100	98⅞	99⅜	+0⅞	+1⅛	8.34
EEC 7⅞ 94	225	97½	98⅛	+0⅛	−0½	8.12
EIB 7½ 89	200	96⅞	97⅛	+0⅛	+0⅛	8.02
Finland Rep. of 8 86	150	97⅝	98⅛	+0⅛	−0⅞	8.39
Kobe, City of 7⅞ 88	150	95⅛	95⅞	−0⅞	+0⅛	7.81
Neder. Gasunie 8 86	100	100⅝	101⅛	−0½	−0½	7.78
New Zealand 7⅞ 87	200	[illegible]	[illegible]	[illegible]	[illegible]	8.02
Norway 7½ 85	250	[illegible]	[illegible]	[illegible]	[illegible]	7.72
OKB 7⅞ 89	100	95	95½	+0⅛	0	8.09
Oslo, City of 8⅞ 90	80	101⅛	102	[illegible]	[illegible]	8.69
Sweden 8¾ 87	200	[illegible]	[illegible]	[illegible]	[illegible]	8.54
World Bank 7⅞ 91	400	96⅝	97⅛	0	+0⅛	8.19
World Bank 7⅞ 90	250	97⅛	98⅛	+0⅛	−0⅛	8.19
World Bank 10 86	150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 10 90	200	108⅝	109⅛	[illegible]	[illegible]	8.61

Average price changes... On day +0⅛ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	93¼	[illegible]	−0⅛	+0⅛	6.45
Aumar 5 89	60	93½	94	+0⅛	+0⅞	5.91
Australia 3⅞ 89	250	90⅛	90⅞	−0⅛	−0⅛	5.02
Bergen, City of 4⅞ 91	40	94	94½	+0⅞	+1⅛	5.45
BNDE 5 89	75	87	87⅝	+0⅞	+0⅞	6.95
BMW Overseas 4⅞ 91	100	92½	93	+0⅞	+1	5.10
Buhrm'n-Tetterode 7 90	40	104⅞	105⅛	−0⅞	+0⅞	6.30
Caisse Nat. Tele. 4⅞ 89	100	94	94½	0	+0½	5.17
CCCE 5⅞ 90	100	103	103⅝	0	+1⅛	5.31
Copenhagen 4½ 91	60	[illegible]	[illegible]	+0⅛	−1	5.70
Council of Eur. 5 89	100	95⅛	95⅝	0	0	5.86
EIB 4½ 91	100	92⅞	93⅛	+0⅞	+1	5.37
EIB 4⅞ 94	100	[illegible]	[illegible]	[illegible]	+1⅛	5.65
Elet. de France 4⅞ 89	100	94⅛	94⅝	+0⅛	+0⅞	5.14
GZB 4⅞ 89	100	[illegible]	[illegible]	−0⅛	+1⅛	5.36
Hilti 4½ 91	35	[illegible]	[illegible]	−0⅛	+0⅛	4.96
Int.-Amer. Dev. 4½ 89	100	[illegible]	[illegible]	[illegible]	[illegible]	5.38
Int.-Amer. Dev. 7 90	80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jutland Tele. 5½ 90	50	[illegible]	[illegible]	[illegible]	[illegible]	5.41
Malaysia 5 89	80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Tel. & T. 4⅞ 89	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nordic Bank 5 89	45	88	88⅞	[illegible]	[illegible]	[illegible]
Norges Komm. 4⅞ 91	100	[illegible]	[illegible]	[illegible]	[illegible]	5.20
OKB 4⅞ 91	100	[illegible]	[illegible]	[illegible]	[illegible]	5.44
OKB 6 90	100	103⅞	103⅞	[illegible]	[illegible]	5.49
Oslo, City of 4⅞ 91	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shikoku El. Pwr. 4⅞ 89	100	94⅛	94⅞	+0⅛	+0⅛	5.52
Steweag 4⅞ 91	60	95	95½	+0⅛	+1⅛	5.33
Voest-Alpine 4⅞ 89	90	96⅛	97	−0⅛	+3⅛	5.19
World Bank 4⅞ 89	100	96⅝	96⅞	+0⅛	+2⅞	5.16
World Bank 4⅞ 89	150	99⅛	99⅝	+0⅛	+0⅛	5.42
World Bank 4⅞ 91	100	92⅝	93	−0⅛	+0⅛	5.49

Average price changes... On day +0⅛ on week +0⅞

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	91¾	92¼	+0⅛	+0⅛	8.49
Australia 6½ 88	20	87⅞	88	+0⅛	+1⅛	8.76
EIB 7⅞ 88	12	92¾	94⅛	+0⅛	+0⅞	8.80
Finland 5.6 83	10	91¾	92½	+0⅛	+0⅞	8.46
Finland 6.8 88	10	88⅞	90	+0½	+2⅞	8.78

Average price changes... On day +0⅞ on week +1

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	83⅞	83⅞	−0⅞	−1⅛	12.22
CIBC 13½ 85 C$	50	103⅞	103⅞	+0⅛	−0⅞	12.53
Cr. Foncier 10¾ 84 C$	30	†91½	92⅛	0	0	12.88
Fst. Can. Inv. 10 84 C$	50	93	93½	0	−1⅛	12.26
GMAC 12 85 C$	50	†98⅛	99	+0⅞	+0⅛	12.34
Quebec 10⅞ 86 C$	50	93⅛	94⅛	0	+0⅛	11.83
R. Bk. Canada 10 86 C$	40	92⅞	93⅛	−0⅛	−0⅛	11.86
R. Bk. Canada 10 94 C$	40	87⅛	87⅞	−0⅞	−1⅛	11.96
Tordom Cpn. 13½ 85 C$	30	102⅞	103⅛	+0⅛	−1⅛	12.80
M. Bk. Dnmk. 9 91 EUA	25	95	96	−0⅛	−0⅛	9.65
SOFTE 8⅞ 89 EUA	40	86⅛	87½	+0⅛	+0⅛	10.55
U. Bk. Nrwy. 9½ 90 EUA	18	97⅛	98⅛	0	−0⅛	9.84
Algemene Bk. 8½ 84 Fl	75	97⅛	97⅞	+0⅛	−0⅞	8.92
Ned. Gasunie 8⅞ 84 Fl	50	99⅛	99⅞	+0½	+0⅛	8.86
Ned. Middbk. 8⅞ 84 Fl	75	96⅛	96⅞	+0⅛	−0⅞	9.36
Norway 8½ 84 Fl	100	97	97½	0	−0⅛	9.12
Norway 8⅞ 84 Fl	100	97⅞	97⅞	+0⅛	+0⅛	8.91
Philips Lamps 8⅞ 84 Fl	75	97⅛	98	+0⅛	+0⅛	8.96
Air France 11 84 FFr	120	94⅞	95⅛	0	−1⅛	12.46
CECA 14¾ 88 FFr	150	103½	104⅛	+0⅛	+0⅛	13.16
Euratom 9¾ 87 FFr	150	84⅛	85⅛	+0⅞	+0⅛	13.22
Finland 11 84 FFr	80	94⅛	95	0	−0⅞	12.63
Finland 11½ 89 FFr	70	92	92½	0	+0⅛	12.92
Gaz de France 11 84 FFr	150	94⅛	95⅛	0	−0½	12.46
IBM France 11⅞ 84 FFr	120	96½	97⅛	0	−0⅛	12.69
Renault 9⅞ 85 FFr	100	85⅞	86⅞	0	−0⅛	13.82
Saint-Gobain 9⅞ 86 FFr	130	84⅛	85⅛	−0⅛	0	13.65
Solvay et Cie 9⅞ 87 FFr	125	82⅞	83⅛	+0⅞	+0⅛	13.77
Beneficial Fin. 14¾ 90 £	20	98⅞	[illegible]	+0⅛	+0⅛	14.61
Citicorp O/S 13½ 90 £	50	97½	98⅛	−0⅛	−0⅞	13.87
EIB 11⅞ 91 £	25	90⅞	91⅛	+0⅞	−0⅛	13.04
Fin. for Ind. 12½ 89 £	30	96⅛	97	+0⅛	−0⅞	13.15
Fin. for Ind. 14⅞ 88 £	20	100⅛	100⅞	+0⅛	−0⅞	14.36
Gen. Elec. Co. 12½ 89 £	50	97½	98⅛	0	−0⅛	12.88
Swed. Ex. Cr. 15⅛ 85 £	20	101½	102⅛	+0½	−0⅞	14.65
Indonesia 8⅞ 91 KD	7	†93	93½	0	0	9.77
Mitsubishi 7½ 84 KD	10	†92⅛	93	0	+1	9.73
Norges Kom. 7½ 89 KD	12	†93⅛	93⅞	0	0	8.55
Occidental 8⅞ 91 KD	7	†90⅛	90⅞	0	0	9.69
Akzo 9⅞ 87 LuxFr	500	93⅛	94⅛	−0⅛	+0⅛	10.48
Euratom 8 87 LuxFr	500	86⅛	87⅛	+0⅛	−1⅛	10.61
Euratom 9⅞ 88 LuxFr	500	97	98	+0⅞	−0⅛	10.22
EIB 9⅞ 88 LuxFr	600	96⅞	97⅞	0	−0⅛	10.24
Volvo 9⅞ 87 LuxFr	500	96⅞	97⅞	+0⅛	−1⅛	10.27

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5½ 87	0¼	97⅞	98⅛	2/7	15⅛	15.46
Banco di Roma Int. 6 87	0⅛	99⅛	100⅛	26/10	15.31	15.31
Bank of Ireland 5⅞ 88	‡0⅛	97⅞	98⅛	21/8	11.81	12.04
Bank of Tokyo 5⅞ 89	‡0⅛	97⅞	98⅛	25/10	16.56	16.90
Barclays O/S Inv. 5 90	0⅛	97⅛	98⅛	13/5	14⅛	14.54
Bergen Bk. A/S 6 89	‡0⅛	96⅞	96⅞	29/8	10	10.35
Bque. Indo Suez 5⅞ 89	0⅛	98⅞	99⅛	11/7	14.68	14.86
Citicorp O/S F. 6 94	‡0⅛	98⅛	98⅞	8/5	18.81	19.10
Citicorp O/S F. 83	§‡0	98⅞	99⅛	22/8	10.19	10.30
Citicorp O/S F. 84	‡0	98⅛	98⅞	30/8	9.81	9.96
C. Itoh 5⅞ 87	0⅛	101	101⅛	18/9	19.44	19.20
Co-operative Bk. 6 86	0⅛	97⅛	97⅞	15/11	11.44	11.72
Creditanstalt 5½ 91	§‡0⅛	97⅛	98	14/6	18.44	18.85
CNT 5⅞ 86	§0⅛	101⅛	101⅞	16/10	18⅛	17.84
GZB 5½ 89	‡0⅛	98⅞	99⅛	1/8	15⅛	15.42
Jugobanka 8 89	0⅞	90	92	23/11	11⅛	12.77
Ind. Bank Japan 5⅞ 87	0⅛	101⅛	101⅞	15/10	18⅞	18.45
LTCB Japan 5⅞ 86	0⅛	97⅞	98⅛	13/8	14⅛	14.52
LTCB Japan 5½ 89	0⅛	97⅞	98	7/8	14.19	14.51
Mfrs. Han. O/S 5⅞ 94	‡0⅛	97⅞	98	31/8	9⅞	10.10
Midland Intl. Fin. 5 89	0⅛	99⅞	100⅛	20/6	15	15.02
Midland Intl. Fin. 5⅞ 92	0⅛	98⅛	98⅞	5/8	5⅞	5.33
Nacional Fin. 6⅞ 86	0⅛	98⅛	98⅞	25/7	14.69	14.89
Nat. West. 5⅞ 94	§0⅛	101⅛	102⅛	11/10	18⅛	18.26
Nippon Credit 6½ 86	0⅛	97⅛	98⅛	12/7	14.44	14.73
Nippon Credit 5⅞ 87	‡0⅛	97⅛	97⅞	6/8	14⅛	14.72
Royal Bk. Scot. 5⅞ 94	§‡0⅛	99⅛	99⅞	11/7	19⅛	19.60
Soc. G. de Bque. 6½ 87	0⅛	101½	102	3/10	20.06	19.72
Sogenal 5⅞ 89	§0⅛	98⅞	98⅞	13/7	14.44	14.68
Standard Chart. 5⅞ 90	0⅛	100⅞	101⅛	6/9	17⅛	17.06
Sweden 8⅞ 91	0⅛	97½	98	15/10	18⅛	19.06
Williams & Glyn 5⅞ 91	0⅛	101⅛	101⅞	14/6	18⅞	18.25
Sq. E. d'Alg. 4⅞ 89 SF	0⅞	†83	85	18/6	6.69	7.86

Average price changes... on day 0 on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7⅞ 89	10/79	145	†114	115	0	−6.37
Ajinomoto 7⅞ 95	2/80	818	102⅛	103⅛	+0⅛	0.60
Alco Int. Fin. 9½ 94	1/80	40	90⅛	91½	0	37.17
Apache 1. Fin. 8⅞ 95	12/80	31.68	101⅛	102⅛	+0⅛	58.79
Asahi Optical 7 94	11/79	605	97⅛	98⅛	−0⅛	14.08
Canon 6⅞ 94	8/79	570	109⅛	110⅛	−0½	−2.82
Credit Suisse 4⅞ 93	10/79	1325	101⅞	103⅛	−0⅛	4.18
Daiei Inc. 6⅞ 94	11/79	1020	85⅞	86⅞	+0⅛	32.40
DDKK 11 90	4/80	324	114⅞	115⅞	−0⅛	9.00
Dynalectron 9½ 95	6/80	12.22	104	105	+0½	−1.77
Enserch Fin. 9½ 94	7/80	30.25	107⅞	108⅞	+2	8.67
LPC Internatnl. 8 89	9/79	23.33	†96	97⅞	0	34.78
Meidensha Elec. 7 94	12/79	210	96½	97⅛	+0⅛	11.01
Mitsubishi Cp. 6½ 94	12/79	604	124⅞	126⅞	−0⅞	10.00
Nippon Seiko 7⅞ 94	12/79	338	110⅞	111⅞	+0½	1.75
Nitto Elec. Ind. 6 94	7/79	735	77⅛	79	0	1.28
Toshiba Con. 7⅞ 94	10/79	198	98⅛	99⅛	−0⅛	−0.68
Union Bk. Switz. 5 89	2/80	125	97½	99	−0½	4.97
Fujitsu 5 84 DM	7/79	475	100⅛	101⅛	+0⅛	10.86
Kansai Elec. 4 84 DM	4/79	1234	85⅞	86⅞	+0⅞	39.66
Uny Co. 6½ 86 DM	11/79	1071	93½	94⅛	−0⅛	35.10

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

THE SEAT-FIAT SPLIT

INI confirms search for new partner

BY ROBERT GRAHAM IN MADRID

THE SPANISH State holding company, INI, regards its relationship with Fiat "completely broken" following the Turin-based group's refusal to take part in a capital increase for Seat, Spain's largest car manufacturer.

INI confirms that it is actively considering alternative European and Japanese partners to sustain the long-term existence of Seat.

These remarks were made yesterday by Sr. Jose Miguel de la Rica, INI president, in the first public comment on Fiat's refusal to carry out its Pta 2.8bn ($40m) share of a Pta 6bn ($85m) capital increase at Seat. The expiry date for the capital increase was May 31, but INI has still received no formal notification from Fiat, Sr. de la Rica said. INI, backed by a Cabinet decision of May 22, would fully subscribe Fiat's share, he added.

Sr. de la Rica said that INI lawyers were working on the presentation of a damages claim against Fiat. This would be taken before an arbitration committee of the International Chamber of Commerce in Paris. He added that INI's case would take several months to prepare.

INI had carried out its part of the June 1979 agreement which laid down the conditions for Fiat to acquire before 1981 over 80 per cent of Seat equity. Fiat has argued that INI's failure to complete its share of the deal led to its refusal to go ahead with the capital increase.

With INI subscribing to Fiat's defaulted share, Sr. de la Rica said the equity base of Seat was as follows: INI 48.3 per cent, Fiat 32.3 per cent, Spanish private banks 13.9 per cent and other Spanish private shareholders 5.5 per cent. Fiat has said it expects to reduce its shareholding further and will seek to have refunded money used last year to raise its stake from 36 per cent to 41 per cent. Sr. de la Rica said this was "a matter for arbitration."

He added that Seat intended to continue producing Fiat cars under licence for the ensuing future, "as long as the life of existing models." He said this also included the production life of the Panda, due to be launched this month. However, he insisted that Seat's future was not as a Spanish controlled company, but fully integrated with a multi-national.

"We will look for other multinationals, but this is not something that is going to happen from one day to the next."

The Italian management, which has been running Seat since last June, will be replaced in an orderly manner but as soon as possible.

Previous contacts with European and Japanese manufacturers had been in general terms, he said. Now these would have to centre on specific issues.

The main immediate problem is to work out an agreement on exports to third countries with Fiat. Roughly one third of production is currently geared to export and this is vital for the company's immediate viability.

On the question of technology, Sr. de la Rica said that under a separate technology and licensing agreement remains in force another five years. Fiat currently earns Pta 1.5bn ($21.2m) a year in royalties from Seat.

As for Seat's 1979 losses of Pta 15bn ($212m) Sr. de la Rica said this could probably be absorbed by reserves.

Esso Nederland plans Rotterdam refinery expansion

BY CHARLES BATCHELOR IN AMSTERDAM

ESSO NEDERLAND, the Dutch subsidiary of the U.S. Exxon group, plans to spend at least Fl 1bn ($513m) expanding its refinery in the Botlek harbour basin near Rotterdam. The company will announce further details today.

This brings investment in Rotterdam announced by Esso within the past few days to at least Fl 2bn. Esso last week unveiled a Fl 1bn plan to build a test plant at Europort to convert 100 tonnes of coal a day into methane.

The total value of the refinery expansion could be as high as Fl 1.5bn, said Mr. Jan Riezenkamp, Rotterdam city councillor with responsibility for economic affairs. The work would employ between 2,500 and 3,000 workers for three to four years.

The Esso refinery in Rotterdam has crude oil capacity of 8m tonnes a year. It is almost entirely taken up at present.

Esso and Royal Dutch Shell have both been urged by the Dutch Government to spend more of their revenues from natural gas in the Netherlands. The two companies each hold 25 per cent of Nederlandse Gasunie, the national gas production and distribution company.

The company expects the next round of large scale investment by the oil industry in Europe to be in the conversion of really heavy oils. These will get under way in the late 1980s when the current round of improvement projects, aimed at converting relatively light residuum into clean products, are completed.

● A difference of opinion within the five-man managing board of the Dutch paper, packaging and trading group, Buehrmann-Tetterode (BT) has led to the resignation of one board member. Count Willem van Limburg Stirum, the director in charge of the machinery trading division, will leave BT on July 1.

The count became a director of the company in 1973.

The machinery trading division achieved the strongest rate of growth of BT's three divisions in 1979. Operating profit rose 63 per cent to Fl 36.3m ($19m) on sales which were 30 per cent higher at Fl 568m ($291m), the company reported recently.

Group operating profit was Fl 125.1m on sales of Fl 2.15bn.

Perstorp lowers profit forecast

BY VICTOR KAYFETZ IN STOCKHOLM

PERSTORP, THE Swedish chemicals and plastics group, has forecast a pre-tax profit of SKr 96-116m ($23-26m) during the financial year ending August 31, compared with SKr 111m the preceding year.

Sales are forecast to rise 19 per cent to SKr 1.6bn ($381m), the eight-month report also predicts.

In January, Mr. Karl Erik Sahlberg, the managing director, expected roughly unchanged earnings this financial year but strikes and lockouts in Sweden, mainly since May 1, have so far cost Perstorp about SKr 10m and the stevedores' strike continues to interrupt most Swedish ports.

The predicted earnings are equivalent to SKr 25 to SKr 29 per share. The 1978-79 figure was SKr 31m per share and the dividend SKr 4.50.

Eight-month earnings, which were insignificantly affected by the labour disputes, stood at SKr 85m, up from SKr 80m for September, 1978-April, 1979. Sales rose 23 per cent to SKr 1.09bn.

Perstorp Chemicals, the sector that accounted for more than 40 per cent of group sales in 1978-79, showed continued satisfactory earnings. Perstorp Components recorded an improvement in the plastics sector but a drop in building division earnings due to large development costs.

The consumer sector had better earnings than in the first eight months of financial 1978-1979, primarily in Nordic markets.

Perstorp Brazil, his by a cruzeiro devaluation, rapid inflation and tight controls, none the less showed earnings only slightly below those of last year.

Group investments totalled SKr 92m for the first eight months, up from SKr 51m, reduced liquidity is expected.

The equity to debt ratio will drop from 37 to 35 per cent during the year to August 31.

Aside from Perstorp's expanded industrial laminate production in Brazil, and a variety of production and energy-related investments in Sweden, the group is spending large amounts in Britain during this financial year and the early part of the next to relocate the London factory of its subsidiary Perstorp Ferguson to Aycliffe, Darlington.

Reduced income for Irish bank

By Our Financial Staff

REDUCED six months profits are reported by the City of Dublin Bank which points out that business conditions over the rest of the year are unlikely to show a significant improvement.

Before tax, profits in the six months ended March dipped to Irish £377,000 ($754,000) from Irish £421,000, but the bank is maintaining its interim dividend at 0.875p a share. Pre-tax profits for the whole of last year totalled Irish £885,000.

At March 31, the bank's advances totalled Irish £34.1m. More than half of lending in the half-year was at fixed rates which the bank describes as only marginally profitable.

Swiss travel company ahead

BY JOHN WICKS IN ZURICH

DUE LARGELY to a rise in the turnover of foreign subsidiaries, the leading Swiss travel agency, Reisebuero Kuoni, booked a 16 per cent increase in billings for 1979 to a record SwFr 851m ($513.4m). Net profit improved slightly to SwFr 3.5m.

While in Switzerland sales increased 10 per cent to SwFr 520m ($313.7m), business abroad expanded 27 per cent to SwFr 331m. Within this total, the British subsidiary Kuoni Travel "worked very successfully" with national turnover up in Swiss franc terms by almost one-third to SwFr 65m.

The Board recommends payment of an unchanged 12 per cent dividend after cash-flow of SwFr. 10m.

Bastogi appoints new president

BY RUPERT CORNWELL IN ROME

SIG. LUIGI SANTA MARIA was yesterday named president of the troubled Bastogi financial company to replace Sig. Alberto Grandi who has become chief executive at the state-owned energy group ENI.

Sig. Santa Maria takes over at a particularly delicate moment for Bastogi. In his two-year spell at the head of the group Sig. Grandi had pushed through a sweeping restructuration programme, and was deeply involved in the search to expand the company's capital base.

However, Bastogi was meeting increasing difficulty in attracting new shareholders, and a projected capital increase of up to L100bn ($118m) was cut earlier this year to only L50bn.

Bastogi lost last year L7bn despite over L40bn of capital gains resulting from the upvaluation of certain assets. In 1978 it formally broke even.

The nomination of Sig. Santa Maria clearly has the endorsement of Sig. Carlo Pesenti, the Bergamo-based financier who in effect is the largest single shareholder in Bastogi, which has suffered heavily from the protracted troubles of the Italian chemical industry.

Until May Sig. Santa Maria was president of Snia Viscosa, the textile group in which Montedison, Italy's biggest chemical concern, is the largest shareholder. However, he stepped down with the entry into Snia's control syndicate of a group of major Italian private interests intent on securing Snia's recovery within the framework of the private sector.

● State electricity utility, ENEL, is borrowing L400bn ($470m) on the Rome capital market through the issue of a seven-year floating rate bond.

The funding is to be priced at 99.75 and interest will be pegged half to 12 month Treasury Bill yields and half to returns on long-term Treasury issues. Minimum half year interest is 6 per cent.

Finnish metal group gains

BY LANCE KEYWORTH IN HELSINKI

ANNUAL SALES above FM 2bn for the first time and improved profits are reported by the Finnish state-owned mining and metals group, Outokumpu.

Higher prices as well as improved demand pushed the net sales ahead by 27.5 per cent to FM 2.23bn. Productivity and profitability both improved and the result was "satisfactory" according to the annual report.

Net earnings after tax and less than the full permissible depreciation increased to FM 10.1m from FM 8.3m. The company is paying an 8 per cent dividend on its preferred A shares, but no dividend on its B shares.

The outlook for 1980 is satisfactory. "The company's improved economic situation will make it possible to undertake major development projects which have had to be shelved in recent years."

These include a gradual increase in stainless steel capacity. The technical and export division, which had a poor year in 1979, had an order book total of FM 370m at the end of the year, compared with FM 90m a year earlier.

Outokumpu notes that it "must be prepared" for the problems of depletion of its ore reserves, especially copper. It plans to invest in foreign mining operations.

Sales rise at Hunter Douglas

ROTTERDAM — Hunter Douglas, the Dutch-based international industrial group, reported first quarter sales of $178.5m up from $140.9 in the first three months of 1979.

The company said that the sales increase was "principally due to internal growth and inflation" but also reflected "operations acquired since the first quarter of 1979 and currency realignments."

Hunter Douglas said its 1980 first quarter results were "disappointing due mainly to a much sharper than expected economic decline in North America.

AP-DJ

BANKING IN PORTUGAL

Military veto for private sector

BY JIMMY BURNS IN LISBON

PORTUGAL'S constitutional watchdog, the Military Council for the Revolution, has halted the process by which the country's banking system was about to be slowly unshackled.

A year ago the Government cleared the way for formation of a group of para-banking institutions, essentially investment companies backed by foreign and Portuguese private capital. It seemed that the Government planned further legislation to open the Portuguese economy to the private sector. But the legislation has now been stopped in its tracks.

Banking was one of the sectors of the economy most affected by the revolution. All domestically-owned banks were nationalised. The Portuguese operations of the three foreign banks — Banco do Brasil, Bank of London and South America and Credit Lyonnais—remained unchanged. But the state took effective control of over 95 per cent of all banking assets, making Portugal the European country in which the state exerted the greatest economic control.

In contrast, the Government's proposed legislation enshrined the principle of a mixed economy in which private banks would be allowed to operate alongside state-run institutions.

Government officials had indicated prior to the Military Council's veto that this broad outline would be subsequently refined into a banking law. The idea was to copy the type of restrictions operating in Spain following the entry of foreign banks last year. These would have consisted of a sizeable entry fee and restrictions on local currency dealing.

But the Government's hopes for the banking system were expressed in private. Had the Government been more open about its precise plans the Military Council's veto may have been less uncompromising.

The constitution proscribes denationalisation but does not rule out the possibility of the economy being widened to include the private sector. The Military Council, however, argues that the Government's law represented a carte blanche for the recovery of the old private monopolies which existed prior to the revolution.

Portugal's nationalised banking system seemed set for some private sector participation. But the Military Council for the Revolution has vetoed the development.

During the old regime the banks were generally family-run and were usually part of conglomerate empires that had wide power through equity participation in industry, services and agribusiness. The Military Council argued that a change in the law would have led to the destruction of the nationalised banking sector.

This is not a view shared by Portuguese bankers. The post-revolutionary period has produced a new managerial class which readily accepts a liberalisation of the system. Indeed, the present structure already operates along largely competitive lines.

Guidelines are strictly laid down by the Bank of Portugal but credit ceilings continue to be decided on a bank-by-bank basis. The larger banks, such as Banco Portuguese do Atlantico and Banco Totta e Azores have opened branches abroad and are competing for Euromarket business.

The lives of Portuguese bankers have changed a great deal since the days of boardroom take overs by workers and Soviet-style centralised planning. They look upon the prospect of private banks opening up in Portugal less as a threat than as a potential stimulant.

The pattern for banking envisaged by Government officials and bankers was that of a mixed but compatible system. Existing banks would operate as usual with their emphasis on retail operations, while private banks would concentrate more on wholesale business, lending to companies and the like. They would fulfil a genuine vacuum for medium- and longer-term finance created by nationalisation.

In the light of the veto by the military council, all these aspirations have been relegated—at least until after the October election—to wishful thinking.

Japan clarifies syndicated loan rules

By Peter Montagnon

THE JAPANESE Ministry of Finance has clarified further its guidelines on the participation of Japanese banks in the syndicated credit market. As expected, the banks are to be allowed a market share of some 10 per cent which means the increase in their outstanding lending and loan commitments in the current fiscal year should run at about $5bn.

However a limit of 20 per cent has been set for participation in individual transactions, while a bank's exposure to any one borrowing country may not exceed 20 per cent of its capital and reserves.

The outcome, according to bankers in London, is that while the Japanese banks will be making their presence felt in the credit market again after virtually total absence during the winter, they are prevented from resuming their previous aggressive lending habits.

The guidelines have also been extended to overseas affiliates of Japanese banks in cases where the shareholding in the foreign operation exceeds 50 per cent.

The banks do not need Ministry of Finance approval for each specific credit, but they must keep the Ministry informed of every transaction.

The guidelines will force the banks to be selective. Where their lending limits allow them a 20 per cent participation in an operation, this could be enough to dampen any upward pressure on spreads.

By contrast, the banks are unlikely to be present at all in loans to countries where they are already over-lent under the guideline principle.

This could accelerate the development of greater spread differentials between varying degrees of country risk, which has been expected to emerge during the course of this year.

CSR outlines projects as earnings increase

BY JAMES FORTH IN SYDNEY

CSR, the sugar, mining and industrial giant, is poised for several years of rapid development after posting a 29 per cent gain in 1979-80 profits. Earnings rose from A$60m to a record A$77.3m (U.S.$88.4m). and directors have raised the dividend from 15 cents a share to 18 cents a share.

CSR in recent months has made a massive drive into natural resources, helped by last year's A$465m takeover of Thiess Holdings.

Along with the profit results for the year to March 31, the board has outlined a number of major projects likely to proceed over the next year or so, several resulting from the Thiess acquisition. These include the A$700m Tomago aluminium smelter in New South Wales, in which the CSR subsidiary, Gove Alumina has 35 per cent. Financing arrangements are almost complete.

Other projects include the Hail Creek and Yarrabee coal ventures in Queensland, both ready to proceed as soon as contracts are obtained, the Drayton steaming coal venture in NSW, expansion of coal mining operations in Queensland, NSW and WA, a new pulp mill in New Zealand and "numerous other possibilities under study."

The group's traditional sugar activities have provided the bulk of the improvement in the latest year, lifting its profits from A$20.7m to A$32.4m. Profit on the minerals and chemicals division rose from A$27.3m to A$28.6m, and the building materials division from A$12m to A$16.3m.

The sugar division returned 14.2 per cent on average shareholders funds of A$227m, building materials 10.1 per cent on A$160m, and minerals and chemicals 9.4 per cent on A$305m.

The main profit growth was in the first six months when earnings jumped by 49 per cent to A$41m. In the second half they rose by only 12 per cent to A$36.3m.

In addition to the trading profit, CSR earned A$18.8m in extraordinary profits, compared with only A$1m in the previous year. This included A$11.7m on the sale of assets and A$7.3m from the sale of investments in United Telecasters Sydney, Fletcher Holdings, and Weeks Petroleum.

The directors said that profits from sugar milling more than doubled, raw sugar export prices were buoyant late in the year and the returns were better from domestic refined sugar sales. The Mount Newman iron-ore venture lost 73 days production, mainly because of strikes, and shipments of iron-ore fell by 13 per cent to 28.1m tonnes. Mount Newman contributed A$7.5m to profit compared with A$11.2m in the previous year.

The current year has started well with the world sugar price rising to £323.7 in May compared with an average of £114 in 1979 and an average of £213 for the March 1980 quarter.

CSR's mills are expected to make about 7.5 per cent more sugar this year, and iron-ore export prices have risen substantially from April 1. The year has started well for most other main activities.

W. R. Carpenter sees record

BY OUR SYDNEY CORRESPONDENT

W. R. CARPENTER Holdings, the diversified industrial group, is heading for record earnings in the year to June 30 after a solid performance in the first three quarters. Profit for the nine months to March jumped by 67 per cent, to A$8.4m (U.S.$9.6m) from A$5.0m and the directors said that they expected the result for the full year would top A$12m. This would easily pass the previous record of A$10.3m achieved in 1976-77. The following year the profit plunged to only A$355,000 but recovered last year to A$9.53m.

The increase in earnings for the first nine months outstripped the growth in sales which rose almost 20 per cent to A$302m (U.S.$345m) from A$252m. An A$12m profit would equal earnings of 27.3 cents a share compared with 21.8 cents in 1978-79.

Last year Carpenter paid a dividend total of 12.5 cents a share, and has already lifted the interim payment this year to 6.5 cents from 5.5 cents. The directors said that profits continued to improve in the Australian divisions, with earnings before interest and tax uup 32.5 per cent.

The main contributions to the higher profit were a 38 per cent lift in earnings from the paper merchant, Dalton Bros., and a return to profits in the property development and finance divisions. The signs, lighting and scaffolding group continued its profit improvement.

Higher returns from tea, copra and oil processing in Papua New Guinea more than offset lower proceeds from cocoa and coffee, but the Fiji results were lower.

Fall at Wearne Brothers

BY GEORGIE LEE IN SINGAPORE

GROUP PROFITS fell sharply at Wearne Brothers, the leading Singapore and Malaysian motor trading company, in the half year to March 1980. Pre-tax profit was S$8.8m (U.S.$4.1m), or 34.3 per cent less than the S$13.4m in the same period of the previous year.

Turnover declined by 4.3 per cent to S$168.2m (U.S.$ 79m).

Wearne attributed the performance to higher costs and a reduced volume of European produced vehicle sales. The group's main motor agency lines are in BL and Ford Motor vehicles.

Sales of UK-made cars have been affected by the strength of sterling and the weakness of the yen, which has given an edge to its Japanese competitors.

Wearne warned that this situation is likely to continue for the remainder of the financial year.

There is good news, however, in that sales and profits of heavy machinery improved, particularly in East Malaysia and the group has been able to secure an increased share of the buoyant market.

The group has declared an interim gross dividend of 4 per cent, against the 1979 interim dividend of 5 per cent.

Advance at Realty Development

BY PHILIP BOWRING IN HONG KONG

REALTY DEVELOPMENT Corporation, a Wheelock Marden group property development and investment company, has announced that after-tax profit for the year ending March 31 rose 51 per cent to HK$50.01m (U.S.$10.1m).

Final dividends of 12 cents for "A" shares and 2.4 cents for "B" shares were declared, making totals for the year of 19 cents and 3.8 cents, respectively, compared with 16 cents and 3.2 cents the previous year.

* * *

HONG KONG Aircraft Engineering Company has received 12.27m acceptances for the 12.34m shares offered in its rights issue of one new HK$1 share for every four held at HK$6.50 a share, Reuter reports from Hong Kong.

The balance of the offering was taken by the underwriters, Swire Pacific. Earlier, Swire Pacific and Cathay Pacific Airways, which between them own 50.02 per cent of the issued capital, had said they would take up their rights.

VONTOBEL EUROBOND INDICES

14.5.76=100%

PRICE INDEX	3.6.80	27.5.80	AVERAGE YIELD	3.6.80	27.5.80
DM Bonds	95.66	95.13	DM Bonds	8.411	8.505
HFL Bonds & Notes	93.36	92.82	HFL Bonds & Notes	9.751	9.861
U.S. $ Strt. Bonds	88.99	88.51	U.S. $ Strt. Bonds	11.129	11.231
Can. Dollar Bonds	91.38	90.57	Can. Dollar Bonds	11.472	11.608

CURRENCIES, MONEY and GOLD

Pound recovers

The pound improved against most currencies yesterday, recovering much of the ground lost on Tuesday, after the market had reacted to indications that UK interest rates were likely to fall sooner than expected. Reaffirmation of Government policy underlining its firm monetary stance, helped sterling rise to 73.4 on a trade weighted basis from Tuesday's level of 72.9. Against the dollar it opened at $2.3010-2.3030 and rose to $2.3230, as the dollar showed a slightly softer tendency. By noon it had settled to around $2.3150 and traded for most of the afternoon between $2.3175 and $2.3215. There was little movement after New York entered the market, and sterling finished at $2.3220-$2.3235, a rise of 1.87½c from Tuesday.

The dollar finished towards its worst level of the day and showed a slight fall against most currencies from Tuesday. Euro-dollar rates were lower, but the fall included some technical reaction. The U.S. unit attracted some central bank support from time to time, but fell to DM 1.7735 against the D-mark from DM 1.7755, and SwFr 1.6450 against SwFr 1.6550 in terms of the Swiss franc. It was also lower against the Japanese yen, closing at Y221.30 compared with Y222.50. On Bank of England figures, its trade weighted index fell to 83.9 from 84.2.

D-MARK—Showing renewed strength against the dollar and steady within the European Monetary System, following firmer rates in Frankfurt, and lower U.S. interest rates—There was no intervention by the Bundesbank yesterday, when the dollar was fixed at DM 1.7757 in Frankfurt, down from Tuesday's level of DM 1.7826. There may have been some support for the dollar outside the fixing, when the U.S. unit touched a low of DM 1.7685. Trading was generally quiet ahead of today's holiday in some parts of Europe, but the dollar recovered from its lower levels on short covering, despite an easier tendency in Euro-dollar rates. Elsewhere the D-mark was mixed, with the Dutch guilder rising to DM 91.045 from DM 91.02 per Fl100 and the Irish punt higher at DM 3.73 compared with DM 3.7150. On the other hand the Belgian franc was lower at DM 6.244 against DM 6.246 per BFr 100, and the French franc eased to DM 42.905 from DM 42.95 per FFr 100. Sterling slipped to DM 4.1260 from DM 4.1640.

BELGIAN FRANC—Much firmer within the EMS following moves by the Belgian authorities to increase interest rates as a move to defend the franc—The Belgian franc showed little overall change at yesterday's fixing in Brussels, following further cuts in key lending rates. The dollar was unchanged at BFrs 28.5275 while sterling slipped to BFr 66.145 from BFr 66.6875. Within the EMS, the D-mark was higher at BFr 16.012 against BFr 16.01 and the Dutch guilder rose to BFr 14.5805 from BFr 14.5695. On the other side the French franc slipped to BFr 6.875 from BFr 6.8765, and the Danish krone was lower at BFr 5.1355 against BFr 5.136.

JAPANESE YEN—Energy and balance of payments problems reflected in sharp decline last year. More recently lower U.S. interest rates have helped the yen recover—The yen lost ground from Tuesday's closing level in Tokyo yesterday, finishing at Y222.30 compared with Y223.47½ at Tuesday's close. It did however finish at the best level of the day, having slumped earlier on following a weaker trend in New York. The U.S. unit was as low as Y220.90 at one point but recovered on good commercial demand.

THE POUND SPOT AND FORWARD

June 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3010-2.3265	2.3220-2.3235	1.57-1.47c pm	7.85	4.00-3.90 pm	6.80
Canada	2.6630-2.6910	2.6880-2.6895	1.20-1.10c pm	5.13	3.60-3.45 pm	5.24
Nethlnd.	4.48-4.55	4.52¾-4.53¾	2⅝-1⅞c pm	5.96	6⅞-5⅞ pm	5.63
Belgium	65.50-66.15	65.90-66.00	11-1c pm	1.09	30-20 pm	1.52
Denmark	12.75-12.90	12.84-12.85	1½-2⅞ore dis	−1.87	7¼-8¼ dis	−2.49
Ireland	1.0990-1.1090	1.1045-1.1065	0.05-0.01p pm	0.33	0.28-0.21 pm	0.85
W. Ger.	4.08-4.14	4.11½-4.12½	3⅛-2⅛pf pm	7.65	7⅞-6⅞ pm	6.92
Portugal	113.10-114.00	113.60-113.80	10c pm-35c dis	−1.32	16pm-105dis	−2.13
Spain	161.10-162.50	162.40-162.50	15c pm-35c dis	−0.74	5pm-70dis	−0.80
Italy	1920-1937	1934½-1935½	2-4lire dis	−1.86	6½-8½ dis	−1.45
Norway	11.22-11.34	11.32-11.33	6¾-5ore pm	6.23	17½-16½ pm	5.78
France	9.52-9.63	9.60-9.61	4¼-3¼c pm	4.69	10¼-9¼ pm	2.03
Sweden	9.68-9.74	9.72½-9.73½	3½-2½ore pm	3.31	8-7 pm	3.08
Japan	510-520	513½-514½	2.10-1.65y pm	4.38	5.95-5.60 pm	4.49
Austria	29.15-29.50	29.42-29.47	21-17gro pm	7.74	56-46 pm	6.93
Switz.	3.80-3.86	3.81¾-3.82¾	3¼-2¼c pm	10.20	11-10 pm	10.89

Belgian rate is for convertible francs. Financial franc 66.75-66.85. Six-month forward dollar 6.57-6.47c pm. 12-month 9.55-9.40c pm.

THE DOLLAR SPOT AND FORWARD

June 4	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3010-2.3265	2.3220-2.3235	1.57-1.47c pm	7.85	4.00-3.90 pm	6.80
Ireland†	2.0820-2.0990	2.0970-2.0990	1.45-1.35c pm	8.01	4.10-4.00 pm	7.72
Canada†	1.5757-1.580	1.1577-1.1580	0.25-0.29c dis	−2.79	0.45-0.50dis	−1.64
Nethlnd.	1.9465-1.9620	1.9600-1.9615	0.20-0.30c dis	−1.53	0.47-0.57dis	−1.06
Belgium	28.39-28.5275	28.39-28.41	13-15c dis	−5.91	33-36 dis	−4.86
Denmark	5.5300-5.5585	5.5300-5.5315	4.25-4.75ore dis	−9.76	12.1-12.6dis	−8.97
W. Ger.	1.7680-1.7840	1.7730-1.7740	0.11-0.01pf pm	0.40	0.25-0.15 pm	0.45
Portugal	48.85-49.12	48.97-49.12	30-45c dis	−9.18	75-125c dis	−8.16
Spain	69.70-69.85	69.88-69.93	30-50c dis	−6.87	105-135c dis	−6.87
Italy	832.60-835.40	834.50-835.00	6-7lire dis	−9.34	18.5-20 dis	−9.22
Norway	4.8687-4.8795	4.8748-4.8758	0.5-1.00ore dis	−1.85	0.85-1.35dis	−0.90
France	4.1275-4.1550	4.1325-4.1350	0.97-1.07c dis	−2.96	2.75-2.95dis	−2.76
Sweden	4.1815-4.1935	4.1900-4.1910	1.50-1.65ore dis	−4.51	3.50-3.65dis	−3.41
Japan	221-222.50	221.25-221.35	0.50-0.70y dis	−3.25	1.05-1.25dis	−2.08
Austria	12.64-12.7125	12.67-12.68	0.4gpm-0.2gpmdis	0.95	1.3pm-0.45dis	0.27
Switz.	1.6440-1.6530	1.6445-1.6455	0.57-0.47c pm	3.79	1.95-1.85 pm	4.62

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

June 4	Bank of England Index	Morgan Guaranty Changes %
Sterling	73.4	−32.3
U.S. dollar	83.9	−9.4
Canadian dollar	81.3	−16.6
Austrian schilling	155.5	+23.6
Belgian franc	115.7	+14.3
Danish kroner	106.7	−4.3
Deutsche mark	155.1	+44.6
Swiss franc	196.7	+78.8
Guilder	125.2	+19.6
French franc	101.0	−5.9
Lira	53.5	−50.6
Yen	128.2	+26.5

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

June 3	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.562327	0.604463
U.S. $	12	1.31280	1.41596
Canadian $	11.83	1.52482	1.64407
Austria Sch.	6¾	16.7028	18.0110
Belgian F.	14	37.4509	40.3229
Danish K	13	7.29917	7.84015
D'Mark	7½	2.34020	2.51757
Guilder	10	2.57243	2.76678
French Fr.	9½	5.44812	5.86347
Lira	15	1099.80	1183.74
Yen	9	293.148	315.475
Norwgn. Kr.	9	6.41172	6.90066
Spanish Pts.	8	91.8619	99.1169
Swedish Kr.	10	5.50785	5.93215
Swiss Fr.	3	2.18056	2.34836

OTHER CURRENCIES

June 4	£	$		£ Note Rates
Argentina Peso	4222-4242	1821-1828	Austria	29.15-29.45
Australia Dollar	2.0264-2.0275	0.8724-0.8728	Belgium	66.20-66.80
Brazil Cruzeiro	117.14-118.14	50.61-50.81	Denmark	12.78-12.88
Finland Markka	8.47-8.48	3.6560-3.658	France	9.50-9.60
Greek Drachma	98.520-100.916	42.70-42.90	Germany	4.09-4.120
Hong Kong Dollar	11.41-11.43	4.9160-4.9190	Italy	1885-1945
Iran Rial	n/a	n a	Japan	513-518
Kuwait Dinar(KD)	0.616-0.626	0.2884-0.28858	Netherlands	4.49-4.42
Luxembourg Frc.	65.94-65.99	28.39-28.41	Norway	11.26-11.35
Malaysia Dollar	4.995-5.01	2.1520-2.1570	Portugal	110-113.0
New Zealand Dlr.	2.3578-2.3601	1.0151-1.0161	Spain	156.25-163.25
Saudi Arab. Riyal.	7.65-7.75	3.3290-3.3320	Sweden	9.68-9.76
Singapore Dollar	4.949-4.965	2.1320-2.1340	Switzerland	3.805-3.835
Sth. African Rand	1.8084-1.8099	0.7786-0.7792	United States	2.314-2.323
A.E. Dirham	8.52-8.62	3.7010-3.7040	Yugoslavia	47.50-51.00

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 4	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.2298	+1.11	+0.37	±1.53
Danish Krone	7.72336	7.83179	+1.40	+0.66	±1.64
German D-Mark	2.48208	2.51352	+1.27	+0.53	±1.125
French Franc	5.84700	5.85688	+0.17	−0.57	±1.3557
Dutch Guilder	2.74362	2.76021	+0.60	−0.14	±1.512
Irish Punt	0.668201	0.674468	+0.94	+0.20	±1.668
Italian Lira	1157.79	1180.07	+1.92	+1.69	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

June 4	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.323	4.120	514.0	9.605	3.823	4.528	1935.	2.689	65.95
U.S. Dollar	0.431	1.	1.774	221.3	4.135	1.646	1.949	833.1	1.158	28.39
Deutschemark	0.243	0.564	1.	124.8	2.331	0.928	1.099	469.7	0.653	16.01
Japanese Yen 1,000	1.946	4.519	8.016	1000.	18.69	7.437	8.808	3765.	5.231	128.3
French Franc 10	1.041	2.418	4.289	535.1	10.	3.980	4.714	2015.	2.799	68.66
Swiss Franc	0.262	0.608	1.078	134.5	2.513	1.	1.184	506.2	0.703	17.25
Dutch Guilder	0.221	0.513	0.910	113.5	2.121	0.844	1.	427.4	0.594	14.57
Italian Lira, 1,000	0.517	1.200	2.129	265.5	4.964	1.975	2.340	1000.	1.390	34.08
Canadian Dollar	0.372	0.864	1.532	191.2	3.572	1.422	1.684	719.7	1.	24.53
Belgian Franc 100	1.516	3.522	6.247	779.4	14.56	5.796	6.865	2934.	4.077	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JUNE 4)

3 month U.S. dollars		6 month U.S. dollars	
bid 9 15/16	offer 10 1/16	bid 9 15/16	offer 10 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

June 4	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	16⅛-16¾	9½-9¾	—	11⅛-11⅜	5¼-6½	9¾-9⅞	12⅜-12½	17-21	10¾-10⅞	13¼-13¾
7 days' notice	16½-16¾	9¾-10	—	11⅛-11⅜	4¾-5¼	9 11/16-9 13/16	12⅜-12½	18-20	10⅜-10½	13¼-13½
Month	17¼-17½	9⅛-9⅝	12 1/16-12 5/16	11⅛-11⅜	5¾-5⅞	9 11/16-9 13/16	12 9/16-12 13/16	18-20	9 9/16-9 11/16	13¼-13½
Three months	16 15/16-17 1/16	9¾-10	11 9/16-11 13/16	11-11¼	5 11/16-5 13/16	9⅛-9⅝	12⅝-12⅞	18-19½	9⅞-10	12¼-12⅝
Six months	15⅞-16⅛	9¾-10	10 9/16-10 13/16	10⅝-10⅞	5⅝-5¾	9-9⅛	12⅝-12⅞	18-19½	9 13/16-9 15/16	11-11¼
One year	14⅝-14⅞	9⅞-10⅛	10 3/16-10 7/16	10⅝-10⅞	5 9/16-5 11/16	8⅝-8¾	12¾-13	17-19	9⅞-10	9¾-10

The following nominal rates were quoted for London dollar certificates of deposit: one-month 9 5/16-9 7/16 per cent; three-months 9⅝-9¾ per cent; six-months 9 11/16-9 13/16 per cent; one year 9 11/16-9 13/16 per cent.

Long-term Eurodollar two years 10⅛-10⅜ per cent; three years 10⅝-10⅞ per cent; four years 10¾-11 per cent; five years 10⅞-11⅛ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two days' notice. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

European rates ease

The Belgian National Bank cut its Lombard rate, and the "B" quota discount rate, by ½ per cent to 14½ per cent yesterday, but left the main discount rate unchanged at 14 per cent. The latter is also the "A" quota rate, used by commercial banks to discount one-third of their paper, while the "B" quota is a penal rate charged on the other two thirds. Normal advances by the central authorities are charged at the Lombard rate, but the rate for special advances was also reduced yesterday, by ½ per cent to 15½ per cent. Despite the downward trend in world interest rates, particularly in the U.S., and the recent strength of the Belgian franc in the European Monetary System, the central bank was seen to be moving with caution, since earlier this year and for much of 1979 the Belgian currency was the weakest member of the system.

Belgium's interest rate structure is one of the highest in the EMS, with bank rate over double the current level of inflation.

In Paris call money rose from 12 15/16 per cent to 13⅛ per cent, the highest level for a week, but down from 13 per cent two weeks ago. As a reflection of the easier trend in international interest rates the Bank of France bought FFr 5bn of first category paper from the market yesterday at 12¾ per cent, compared with 12⅞ per cent at its previous purchase two weeks ago.

MONEY RATES

NEW YORK	
Prime Rate	13-14½
Fed. Funds	8¾-10
Treasury Bills (13-week)	7.45
Treasury Bills (26-week)	7.74
GERMANY	
Discount Rate	7.5
Overnight Rate	9.90
One month	10.125
Three months	10.225
Six months	9.90
FRANCE	
Discount Rate	9.5
Overnight Rate	12.375
One month	12.375
Three months	12.4375
Six months	12.3125
JAPAN	
Discount Rate	9.0
Call (Unconditional)	12.6875
Bills Discount (three-month)	13.6875

UK MONEY MARKET

Full supply

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

Day-to-day credit remained in good supply in the London money market yesterday, and the authorities absorbed surplus funds by selling a small amount of Treasury bills to the discount houses.

The market was faced with the repurchase of a large number of bills, but this was more than offset by a large amount of maturing Treasury bills.

Discount houses paid up to 16½ per cent for secured call loans in early trading, and although late balances were found as low as 12 per cent in places, trading was generally within a range of 14-15½ per cent.

LONDON MONEY RATES

June 4 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Over night	—	14-16¼	—	—	—	15½	12-16⅛	—	—	—
2 days notice	—	—	16¼-16⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16⅜-16¾	17-17⅛	—	16⅞	16¾	15-16⅜	—	—	—
One month	17⅛-16 15/16	16⅞-17	17-17⅛	18-18¼	17¼	17½	16⅝	15 15/16	17⅛	17½
Two months	17 1/16-16 15/16	16⅞-17⅛	—	17¼-17¾	17¼	—	16½	15 13/16-15 31/32	16¾	17⅛
Three months	16 13/16-16 15/16	16⅞-17 1/16	16⅞-17⅛	17-17⅝	17¼	17⅛	16¼-16⅝	16 1/32-16 1/16	16⅝-16 11/16	16¾
Six months	16⅛-15 15/16	16-16¼	16-16⅝	15⅞-16¼	16⅝	16⅝	—	—	15 9/16-15⅛	15½
Nine months	15 15/16-15⅛	15⅜-15½	—	15½-16	15⅝	16¼	—	—	—	—
One Year	14⅞-14 11/16	14 13/16-15	15⅛-15¼	15⅜-15⅝	15¼	16	—	—	—	—
Two years	—	—	14⅞-15	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rate nominally three years 14¾-14⅝ per cent; four years 14¾-14½ per cent; five years 14¼-14½ per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 16-16 1/32 per cent; four-month trade bills 16½ per cent.

Approximate selling rates for one-month Treasury bills 15¾-15 23/32 per cent; two-months 15⅞-15 23/32 per cent; three-months 15 29/32-15 27/32 per cent. Approximate selling rates for one-month bank bills 17 per cent; two-months 16¾ per cent; three-months 16 3/32-15 ... per cent; one-month trade bills 17¾ per cent; two-months 16⅞ per cent; and three-months 16¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17½ per cent from June 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 16.0608 per cent.

GOLD

	June 4		June 3	
Gold Bullion (fine ounce)				
Close	$575-579	(£247½-249½)	$551-555	(£239-241)
Opening	$558-562	(£240½-242½)	$557-561	(£239-241)
Morning fixing	$568.00	(£244.596)	$554.50	(£237.565)
Afternoon fixing	$571.60	(£246.589)	$552.50	(£237.430)
Gold Coins				
Krugerrand	$595-598	(£256-258)	$568-571	(£246½-248½)
Mapleleaf	$589-594	(£253-256)	$563-568	(£243-245)
New Sovereigns	$146½-147½	(£63-64)	$140-141	(£60½-61½)
King Sovs	$177-180	(£76-78)	$173-176	(£75-77)
Victoria Sovs	$178-181	(£76½-78½)	$174-177	(£75½-77½)
French 20s	$150-153		$152-155	
50 pesos Mexico	$704-709		$664-670	
100 Cor. Austria	$570-575		$544-549	
$20 Eagles	$663-667		$656-660	
$10 Eagles	—		—	
$5 Eagles	—		—	

GOLD

Sharp rise

Gold rose $24 an ounce in the London bullion market yesterday to close at $575-579. The metal opened at $558-562 and rose steadily during the day to finish at around its best level. Sentiment may have been improved by a weaker dollar and further unrest in the Middle East. There was a lack of selling throughout the day and the metal improved slowly on buying interest.

In Paris the 12½ kilo bar was fixed at FFr 76,500 per kilo ($572.51 per ounce) compared with FFr 76,850 ($579.28) in the morning and FFr 75,700 ($567.34) on Tuesday afternoon.

BASE LENDING RATES

A.B.N. Bank	17 %
Allied Irish Bank	17 %
American Express Bk.	17 %
Amro Bank	17 %
Henry Ansbacher	17 %
A P Bank Ltd.	17 %
■ Arbuthnot Latham	17 %
Associates Cap. Corp.	17 %
Banco de Bilbao	17 %
Bank of Credit & Cmce.	17 %
Bank of Cyprus	17 %
Bank of N.S.W.	17 %
Banque Belge Ltd.	17 %
Banque du Rhone et de la Tamise S.A.	17½%
Barclays Bank	17 %
Bremar Holdings Ltd.	18 %
Brit. Bank of Mid. East	17 %
■ Brown Shipley	17 %
Canada Perm't Trust	18 %
Cayzer Ltd.	17 %
Cedar Holdings	17 %
■ Charterhouse Japhet	17 %
Choulartons	17 %
C. E. Coates	17 %
Consolidated Credits	17 %
Co-operative Bank	*17 %
Corinthian Secs.	17 %
The Cyprus Popular Bk.	17 %
Duncan Lawrie	17 %
Eagil Trust	17 %
E. T. Trust Limited	17 %
First Nat. Fin. Corp.	19½%
First Nat. Secs. Ltd.	19 %
Robert Fraser	17 %
■ Antony Gibbs	17 %
Greyhound Guaranty	17 %
Grindlays Bank	‡17 %
■ Guinness Mahon	17 %
■ Hambros Bank	17 %
■ Hill Samuel	§17 %
C. Hoare & Co.	†17 %
Hongkong & Shanghai	17 %
Industrial Bk. of Scot.	17½%
Keyser Ullmann	17 %
Knowsley & Co. Ltd.	19 %
Langris Trust Ltd.	17 %
Lloyds Bank	17 %
Edward Manson & Co.	18 %
Midland Bank	17 %
■ Samuel Montagu	17 %
■ Morgan Grenfell	17 %
National Westminster	17 %
Norwich General Trust	17 %
P. S. Refson & Co.	17 %
Rossminster	17 %
Ryl. Bk. Canada (Ldn.)	17 %
Schlesinger Limited	17 %
E. S. Schwab	17 %
Security Trust Co. Ltd.	18 %
Standard Chartered	17 %
Trade Dev. Bank	17 %
Trustee Savings Bank	17 %
Twentieth Century Bk.	17 %
United Bank of Kuwait	17 %
Whiteaway Laidlaw	17½%
Williams & Glyn's	17 %
Wintrust Secs. Ltd.	17 %
Yorkshire Bank	17 %

■ Members of the Accepting Houses Committee.

* 7-day deposits 15%, 1-month deposits 15¼%.

† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.

‡ Call deposits over £1,000 15%.

§ Demand deposits 15%.

EUROPEAN OPTIONS EXCHANGE

Series		July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Stock
AKZ C	F.22.50	3	1.60	—	—	—	—	F.23.70
AKZ C	F.25	35	0.50	3	1.50	80	2.10	"
AKZ C	F.27.50	—	—	10	0.60	—	—	"
AKZ P	F22.50	—	—	—	—	3	1.10	"
EK C	$45	3	7⅝	—	—	—	—	$52⅞
FNC C	$20	2	1⅝	3	2⅝	—	—	$21⅛
HEI C	F.60	6	3	10	4.30	—	—	F.59.20
HEI C	F.65	5	1	—	—	—	—	"
HEI P	F.65	4	6	—	—	—	—	"
HO C	F.17.50	—	—	21	1.10	—	—	F.16.70
HO C	F.20	20	0.10	—	—	—	—	"
IBM C	$60	—	—	4	2⅝	—	—	$55⅛
KLM C	F.70	50	2.10	—	—	—	—	F.66
KLM C	F.80	51	0.40	—	—	—	—	"
KLM P	F.60	11	1.80	—	—	—	—	"
KLM P	F.70	77	6	—	—	—	—	"
NAT C	F.100	5	7.50	—	—	—	—	F.106.20
NAT C	F.104.50	—	—	5	6	—	—	"
NAT C	F.109.10	41	1.60	—	—	—	—	"
NAT P	F.104.50	46	1.40	—	—	—	—	"
NN C	F.110	2	1.50	13	3	—	—	"
NN C	F.120	—	—	6	1.20	—	—	"
NN P	F.110	2	4.10	—	—	—	—	"
NN P	F.120	—	—	15	14	—	—	"
PET C	Fr.5000	—	—	—	—	4	670	Fr.5200
PET C	Fr.6000	10	40	—	—	—	—	"
PHI C	F.15	—	—	12	3.20	—	—	F.17.90
PHI C	F.17.50	—	—	21	1.40	20	1.60	"
PHI C	F.20	5	0.10	106	0.40	—	—	"
PHI C	F.22.50	—	—	10	0.20	—	—	"
PHI P	F.17.50	—	—	10	0.70	20	1	"
RD C	F.150	14	12	20	13.50	—	—	F.161.10
RD C	F.160	55	4.80	57	7	—	—	"
RD C	F.170	108	1.20	29	3.20	—	—	"
RD P	F.140	—	—	1	0.90	—	—	"
RD P	F.145	—	—	5	2.10	—	—	"
RD P	F.150	18	1	6	3.80	1	5	"
RD P	F.160	12	3.70	25	8.50	—	—	"
T C	$55	—	—	5	⅞	—	—	$52¼
UNI C	F.105	2	6	—	—	—	—	F.109.50
UNI C	F.110	7	3.50	15	5	—	—	"
		Aug.		Nov.		Feb.		
SLB C	$120	10	1⅜	—	8¾	—	—	$110½
VW C	DM.170	10	12.50	10	—	—	—	DM180

TOTAL VOLUME IN CONTRACTS 1175

C=Call P=Put

JOBS COLUMN, APPOINTMENTS

Too many splits for the national health

BY MICHAEL DIXON

"THERE'S no sense in being paranoid; they're bound to get you in any case." The friend who said that the other day meant it as a warning against my tendency to conclude that the world is generally mad. He sees this as a sign of incipient insanity on my part. I argue that it is rather an inevitable consequence of being employed to try to make sense of the United Kingdom's arrangements for both preparing and selecting people for jobs.

So I am relieved to see that the report on those arrangements recently made to the Prime Minister by the Central Policy Review Staff, showed a similar tendency. The Think Tank's report evidently concludes that all five main parties involved — employing organisations, trades unions, the educational and the industrial training establishments, and Government itself — are suffering from some form of mental imbalance.

Employers and unions both show traces of split personality. While continually calling for recruits with a more practical training, the report notes, employers actually give preference to recruits with academic qualifications. "While representatives of trade unions frequently spoke loudest against closing options (of taking up different kinds of work) while at school, trade unions' conventions on apprenticeships as the only route into skilled trades frequently close down options immediately after leaving school."

The unions' fixation on the outworn apprenticeship convention, is also shared by employers, so that both sides of industry effectively collaborate to preserve needlessly protracted forms of preparation for work. One effect is to perpetuate shortages of crucial work-skills even at times of high general unemployment. Another is to inhibit the adoption of more efficient methods of training, not only young recruits, but also older people

The organisation of industrial training is mainly left to bureaucratic boards, joint committees and worse, which are presided over by various combinations of the self-same employers and unions. So it is somewhat less than surprising that the Think Tank finds industrial training to be schizophrenically fragmented, which may largely explain why it is "rigid, conservative and slow to respond to new industrial requirements."

A similar imbalance is diagnosed in Government. One part of its personality laments such ills as the simultaneous existence of shortages of skills and high general unemployment. The other side shies away from giving what the report calls "an effective steer" to the preparation of people for work. Meanwhile, this second or perhaps even a third side of the governmental personality, continues to perpetuate through the Civil Service's recruitment procedures a mindless insistence on "formal but irrelevant" qualifications.

This insistence by the Civil Service and other employers reinforces the fifth of the main parties involved, the educational establishment, in its compulsion to elevate the pursuit of academic goals above all else. Regardless of their financial dependence on wealth-generating industry and commerce, the schools, universities, polytechnics and even further education colleges are found by the Think Tank to concentrate on pushing people as far as possible into the scholarly stratosphere at the expense of more practical courses,

Remedies

To remedy these and multifarious other ills, the report makes a variety of proposals. Since I have not enough room to state them all here, readers who wish to study them in detail will need to obtain a copy of the document, *Education, Training and Industrial Performance*, published by the Stationery Office at £4.25. For the moment it must suffice to say that as well as recommending mergers and takeovers to reduce the bewildering number of bodies responsible for training, the Think Tank proposes that employers' representatives be given a say in the design of syllabuses leading to all nationally recognised examinations including academic ones such as the General Certificate of Education and those for university degrees.

And this last proposal has provoked signs that the educational establishment, as well as suffering from the disorders already diagnosed by the report, is afflicted by persecution mania. The signs appeared the other day in the response to the Think Tank's review by the *Times Educational Supplement* which—to my mind, regrettably in this particular case—is the most influential specialist journal catering for professional educators.

I would not disagree with the "Ed Supp's" statement that the report delivers "a devastating and totally justified indictment of British industrial training." There is a measure of truth, too, in its comment that for the Government to continue leaving it to employers and unions to sort out what is wrong with industrial training "is like inviting a party of drunks to reorganise a distillery."

But the journal also insists on using the Think Tank's review in a distinctly partisan way which surely bodes no good for the majority of us who, having no axe to grind, are merely ground down by the hotchpotch of arrangements to which this country abandons the vital tasks of preparing and selecting people for jobs.

It is deplorable, the Ed Supp thinks, that shame at the disgraceful way industry organises training, has not prevented employers "from venting their ignorance on the schools." It adds that "it is by no means clear that industrialists know what industry needs from the education system, nor yet that they act out what they say they believe." From this, the journal evidently concludes that it would be foolish if the design of schools' curricula and examination syllabuses were to take account of the views of employers who by their own actions, "have shown themselves to be ignorant and inconsistent."

This yah-boo-sucks-to-you response on behalf of the educational establishment, suggests to me where the Prime Minister needs to start if she wants to improve this country's grievously counter-productive arrangements for preparing and selecting people for jobs. It is by taking firm steps to show the formal education system that it has neither the right, nor essentially the means to view itself as standing aloof from and superior to the other four main interests involved.

Where the national need is concerned, the fact that those involved can be divided into five main parties serves merely to confuse the issue. Really we require only two: those responsible for preparing people for working life, and those responsible for employing them effectively.

On the preparation side, the present distinction between education and training is largely artificial and should be at least much reduced. Its main effect is to prevent either of those two sectors from profiting fully from the expertise of the other, and to ensure that training is viewed publicly as something which is done to people who have failed in education. As a first measure, the Prime Minister should place responsibility for training clearly with one Whitehall department and see that it and its subordinate bodies co-operate with their educational counterparts.

Moreover, if the employers are "by no means clear" what sort of people they want, then it is surely up to those who do the preparing to take the initiative and find out what is wanted by the other side, which after all both finances and consumes the preparers' services.

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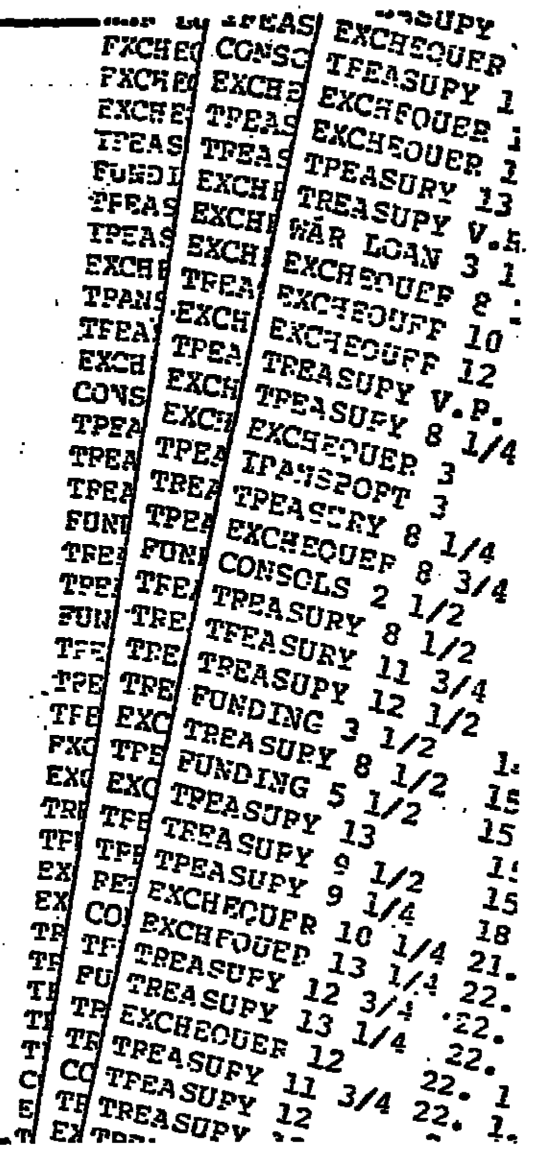

Since its formation four years ago, the B & M Gilt Department has committed itself to producing both economic and technical analysis based on sound theoretical principles assisted by its own computer capabilities. On the technical side, the fruits of this commitment have become more evident with the weekly publication of the Department's "Technical Comment," which using our own price surface as a base has offered a technical interpretation of market movements, plus analysis of stocks and trends. This together with our weekly "Economic Comment" is now firmly established.

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C&L

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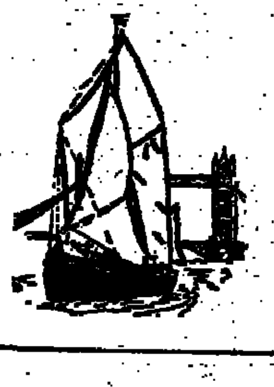

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C&L

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Ref. AA3/7356/FT

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WORLD STOCK MARKETS

Early Wall St. advance of 9.6

A FURTHER decline in interest rates pushed Wall Street sharply *higher in active dealings yesterday* morning after the recent easier tone.

The Dow Jones Industrial Average advanced 9.64 to 853.41 at 1 pm, while the NYSE All Common Index climbed 81 cents to $63.92 and rises outscored declines by a two-to-one margin. 28.51m shares from the 18.58m Trading volume expanded to recorded at 1 pm on Tuesday.

The credit market continued to rally despite a heavy calendar of offerings, suggesting the trend in interest rates is still down, analysts said. Additionally, Chase Manhattan Bank and Morgan Guaranty Trust cut their Prime Rates to 13 per cent from 14, as did Manufacturers Bank of Los Angeles.

Leading the rise were Oils and Computer shares, while higher gold prices ided Precious Metal issues. A revival of take-over speculation gave several issues a lift.

In the Computers sector, volume leader IBM continued its recent davance, adding $1 to $57½. Honeywell rose 1½ to $77¾, Digital Equipment $1 to $67¾, Prime Computer ⅜ to $19⅜ and Hewlett Packard 1⅜ to $63½.

Among Oils, issues involved in exploration off Newfoundland *rose despite a looming Federal-*Provincial fight over royalties. Active Mobil gained ¾ to $74¾, Standard Oil of California 1⅜ to $77¾, Gulf Oil ⅜ to $42½ and Gulf Canada, on the American Exchange, ⅞ to $28⅞.

Cities Service jumped 5⅞ to $103¾, Superior Oil $2 to $151 and Union Oil of California 1⅜ to $51½. Aanalysts said some oil *issues were benefiting from the* defeat of a proposal before California voters on Tuesday to impose a 10 per cent surcharge on oil company profits.

Standard Oil (Indiana) climbed 2⅜ to $52½ on reporting a good gas flow from a confirmation well in the Whitney Canyon field in Southwestern Wyoming. Union Pacific, which holds a stake in the find, added 1½ at $43½.

Among Precious Metals, Dome Mines rose $4 to 74½, Homestake Mining 3⅜ to $57⅞ and Hecla 2⅜ to $31½.

THE AMERICAN SE Market Value Index moved ahead 4.69 to 278.39 at 1pm. Volume 3.91m shares (2.50m.).

Closing prices for North America were not available for this edition.

Canada

Markets rose sharply in busy early *trading in line with the* U.S. trend. The Toronto Composite Index davanced 16.2 to 2,001.0 at mid-day, while the Gold shares index moved up 148.5 to 3,483.0, Oil and Gas 79.1 to 4,415.2 and Metals and Minerals 16.0 to 1,870.8. In Montreal, Banks put on 1.64 to 353.36.

Tokyo

The market lost further ground over a broad front in moderate trading, although late "cheap" buying trimmed some losses.

The Nikkei-Dow Jones Average finished 30.55 lower at 3,795.63 and the Tokyo SE index 1.92 weaker at 464.12. Falls exceeded gains on the First Market section by 425 to 178 after turnover of 250m shares *(220m)*.

Rasa Industry, Nippon Signal, Miyaji Iron Works, Ishii Iron Works, Kokusai Electric led the retreat following news that *margin transactions in shares of* small companies may be banned.

Rsa Industry fell Y50 to Y575 and Kokusai Electric Y40 to Y655, while elsewhere, Nippon Oil receded Y30 to Y2,170, Mitsubishi Metal Y8 to Y173, Nippon Steel Y3 to Y137 and Canon Y9 to Y652, but Pioneer Electronic improved Y20 to Y1,840 and Sony Y100 to Y2,000.

Germany

Many leading shares staged a recovery, with a stronger Domestic Bond market helping sentiment, although stock market trading was said to be thin ahead of today's holiday in parts of Germany.

Despite the brighter performance by major shares, the Commerzbank index eased 0.2 to 702.5. Analysts at the bank explained that the index reflected losses for some less heavily-traded issues, obscuring the gains registered by many majors.

Motors rallied from heavy losses suffered earlier in the week when the sector was hard hit by news of lay-offs as well as a sharp decline in first-quarter profits for Volkswagen. BMW recouped DM 5, Daimler DM 1 and Volkswagen 50 pfennigs.

BASF advanced DM 6 in Chemicals and Horten DM 4.30 in Stores, while Deutsche Babcock rose DM 3 and Linde DM 5 in Engineerings.

On the Domestic Bond market, Public Authority Loans rose by up to 70 pfennigs, stimulated by interest for the new Federal Loan. The Bundesbank sold *DM 40.2m* nominal of paper after purchases of DM 1.6m on Tuesday. Mark Eurobonds were steady.

Johannesburg

The sharply higher Bullion price put fresh life into Gold shares after Tuesday's setback. Heavyweights recorded gains ex-*tending to R2.50.*

Stilfontein recouped the previous day's fall of R1.75 to close at R20.75 as mineworkers returned to work after Tuesday's partial stoppage.

Among Anglovaal companies declaring dividends, ET Consolidated rose 50 cents to R13.00, Harties R2.50 to R75.00 and Zandpan 65 cents to R12.75, but Consolidated Murchison shed 10 cents to R8.50.

Australia

Although profit-taking cut some Minings and Oils back sharply, and left the Sydney Metals and Minerals index down 63.32 at 5,491.27, the overall tendency remained upward.

Among Oils, Hartogen Energy receded 15 cents to A$4.15, Crusader Oil 10 cents to A$3.50, Lennard Oil 8 cents to A$1.50 and Southern Pacific A$1.00 to A$23.00, but Santos advanced 50 cents to A$14.30 and Woodside Petroleum 6 cents to A$2.99.

Gold Mines were mainly firm, *with Kalgoorlie rising 40 cents* to A$6.00, Central Norseman 10 cents to A$8.50 and Poseidon 10 cents to A$3.40.

Elsewhere in Minings, however, Renison Tin lost 50 cents to A$17.00, Bougainville 15 cents to A$2.40, Peko 20 cents to A$8.10, Utah 10 cents to A$4.90 and Pancontinental 30 cents to A$6.50.

On the Industrial boards, CSR shed 10 cents to A$6.60 prior to publication of the annual figures, which showed an increase in audited profit. Market leader BHP contrasted with a gain of 10 cents at A$14.20.

Hong Kong

Activity remained at a low ebb with most leaders again showing little alteration. However, stocks were firmer for choice, where changed, especially among second-line issues, and the Hang Seng index improved 6.68 to 906.07.

Jardine Matheson hardened 10 cents to HK$ 14.80, while Hang Seng Bank put on HK$ 1 to HK$ 105 and SHK Properties 10 cents to HK$9.60, but Swire Pacific "A" eased 5 cents to HK$ 7.15.

NEW YORK

Stock	June 3	June 2	Stock	June 3	June 2	Stock	June 3	June 2
City Investg	27	26⅝	Gerber Prod	22⅝	22¾	Mead	25⅝	
Clark Equipment	33⅛	33	Getty Oil	78¼	78½	Media Genl	27	27¼
Cleve Cliffs Iron	28	28⅛	Giddings Lewis	28	28⅝	Medtronic	65½	62½
Clorox	9¾	9⅞	Gillette	23½	23½	Mellon Natl	28	28
Cluett Peaby	8⅞	9	Global Marine	54½	54	Melville	31	30⅞
Coca Cola	33¼	33¼	Goodrich (BF)	18⅝	19⅛	Memorex	13	12¾
Coca Btl. NY	4⅞	5	Goodyear Tire	12⅞	12⅞	Mercantile Strs	33½	34
Colgate Palm	14¼	14¼	Gould	20½	20½	Merck	70	70¾
Collins Aikman	7⅝	7⅝	Grace	37	37⅞	Meredith	38¼	38¼
Colt Inds	42¾	43	Grainger (WW)	28¾	29	Merrill Lynch	20½	20½

Stock	June 3	June 2	Stock	June 3	June 2
Safeway Stores	31¾	32½	Winn-Dixie Str	27½	27½
St. Joe Minls	45	45⅝	Winnebago	2⅛	2
St. Louis-San F	68¼	67⅞	Wisc Elec Power	24¾	24⅞
St. Paul Cos	35¼	35⅜	Woolworth	25⅝	25⅞
St. Regis Paper	28	28⅝	Wrigley	35¾	35⅝
Santa Fe Inds	53⅞	54¼	Wyly	7⅝	7⅝
Santa Fe Intl	35¾	35⅝	Xerox	55⅝	56⅝
Saul Invest	7¼	7⅝	Yellow Frt Sys	17	17¼
Saxon Inds	5¼	5⅜	Zapata	33¾	35¼
Schering Plo	37¼	37¼	Zenith Radio	11	10¾

CANADA

Stock	June 3	June 2
Abitibi	18⅝	18⅝
Agnico Eagle	12⅞	12¾
Alcan Alumn	31¼	30⅞
Algoma Steel	31	31¼
Asbestos	34	34½
Bk Montreal	27	26¾
Bk Nova Scotia	28⅞	28⅞
Basic Resources	13	14
Bell Canada	20⅞	20⅞

BELGIUM (continued)

June 4	Price Frs.	+ or —
Petrofina	5,200	—30
Royale Belge	5,560	
Soc Gen Banq	2,495	
Soc Gen Belge	1,420	+22
Sofina	3,295	+20
Solvay	2,650	
Traction Elect	2,570	+40
UCB	1,350	
Union Miniere	770	+32
Vieille Mont	1,494	—22

HOLLAND

June 4	Price Fls.	+ or —
ACF Holding	69.5	+0.5
Ahold	69.5xd	+0.5
AKZO	23.7	
ABN	283.5	+0.5
AMEV	86.8	+0.3
AMRO	62.7	—0.3
Bredero Cert	187	—2
Bos Kalis	95.5	—0.8
Buehrmann-Tet	65	+0.5
Caland Hldgs	23.5	—0.4

AUSTRALIA

June 4	Price Aust. $	+ or —
ANZ Group	4.45	
Aerow Aust	0.80	
Allstate Expl	1.60	—0.05
Ampol Pet	1.33	
Assoc. Pulp Pap.	2.20	
Audimco	0.28	+0.01
Aust Cons Ind	2.00	—0.05
Aust Guarant	1.36	+0.01
Aust Nat Inds	2.60	
Aust Paper	1.80	—0.02
Bamboo Creek	0.22	—0.01

JAPAN (continued)

June 4	Price Yen	+ or —
Kubota	355	
Kumagai	345	—6
Kyoto Ceramic	3,060	
Lion	346	
Maeda Cons	450	—1
Makita	955	—10
Marubeni	369	+1
Marudai	557	—6
Marui	642	—3
Matsushita	662	—9
M'ta Elec Works	532	—1

Indices

NEW YORK —DOW JONES

	June 3	June 2	May 30	May 29	May 28	May 27	1980 High	1980 Low	Since C'mpila'n High	Since C'mpila'n Low
♦ Industr'ls	843.77	847.35	850.85	846.25	860.32	857.76	903.84 (13/2)	759.13 (21/4)	1051.70 (11/73)	41.22 (2/7/32)
H'me B'nds	72.58	72.48	72.55	72.58	72.38	72.02	74.01 (9/1)	63.87 (28/3)	—	—
Transport	270.57	269.58	269.23	268.14	271.20	269.99	305.80 (8/2)	233.69 (27/3)	305.80 (8/2/80)	12.23 (8/7/32)
Utilities	108.77	109.28	110.28	109.81	110.48	108.8	113.48 (13/2)	96.04 (27/3)	163.32 (20/4/69)	10.52 (28/4/42)
TradingVol 000's	35,160	32,710	34,920	42,000	38,580	40,810	—	—	—	—

♦ Day's high 851.96 low 840.70

Ind. div. yield %	May 30	May 23	May 16	Year ago (approx
	6.19	7.10	6.60	6.16

STANDARD AND POORS

	June 3	June 2	May 30	May 29	May 28	May 27	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	124.26	124.53	126.05	123.82	125.03	125.24	134.47 (13/2)	111.09 (27/7)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	110.51	110.76	111.24	110.27	112.06	111.40	118.44 (13/2)	98.22 (13.2)	125.85 (11/1/73)	4.40 (1/6/32)

	May 28	May 21	May 14	Year ago (approx)
Ind. div. yield %	5.30	5.55	5.58	5.38
Ind. P/E Ratio	7.77	7.46	7.38	8.38
Long Gov. Bond Yield	10.15	10.26	10.19	8.96

N.Y.S.E. ALL COMMON

June 3	June 2	May 30	May 29	1980 High	1980 Low
63.11	63.22	63.44	62.97	67.77 (13/2)	55.30 (27/3)

Rises and Falls	June 3	June 2	May 30
Issues Traded	1,881	1,905	1,865
Rises	639	671	825
Falls	799	834	623
Unchanged	443	400	417
New Highs	29	38	21
New Lows	6	1	7

MONTREAL	June 3	June 2	May 30	May 29	1980 High	1980 Low
Industrial	358.35	358.46	357.79	355.64	425.60 (29/2)	323.21 (27/3)
Combined	356.48	356.42	335.97	331.85	378.90 (29/2)	286.98 (27/3)
TORONTO Composite	1984.8	1981.2	1971.7	1956.8	2192.6 (29/2)	1782.5 (27/3)

	June 4	June 3	June 2	May 30	1980 High	1980 Low
AUSTRALIA						
Sydney All Ord. (1936/59)	865.62	869.21	867.44	857.89	947.47 (14/2)	790.99 (2/1)
Metals & Minls (1936/59)	5491.27	5554.59	5593.95	5539.49	6680.95 (14/2)	4561.26 (28/3)
AUSTRIA						
Credit Aktien (2/1/62)	67.22	67.32	67.56	68.49	68.49 (7/1)	67.22 (4/6)
BELGIUM						
Belgian SE (31/12/63)	95.94	96.74	96.61	95.78	105.75 (11/2)	88.14 (31/3)
DENMARK						
Copenhagen SE (1.1/73)	78.27	78.18	77.92	78.16	86.74 (2/1)	74.76 (8/3)
FRANCE						
CAC General (29/12/61)	108.9	108.7	109.0	109.0	117.80 (22/2)	87.1 (3/7)
Ind Tendance (28/12/79)	105.9	105.7	105.9	105.9	109.70 (13/2)	95.60 (3/1)
GERMANY						
FAZ-Aktien 31/12/58	223.51	224.18	224.65	226.21	238.88 (25/2)	212.75 (28/3)
Commerzbank(Dec.1953	702.5	702.7	705.8	709.80	748.2 (25/2)	667.8 (27/3)
HOLLAND						
ANP-CBS General (1970)	84.1	84.4	84.6	84.5	87.0 (11/2)	74.8 (27/3)
ANP-CBS Indust. (1970)	65.5	65.5	66.4	66.0	68.2 (11/1)	58.2 (28/3)
HONG KONG						
Hang Seng Bank (31/7/64)	906.07	899.39	901.67	894.52	965.17 (15/2)	738.9 (19/3)
ITALY						
Banca Comm. Ital (1972)	87.45	87.12	86.53	87.69	87.66 (30/5)	83.11 (2/1)
JAPAN						
Dow Average (16/5/49)	6795.63	6826.18	6862.70	6855.70	6904.81 (25/4)	6475.93 (27/3)
Tokyo New SE (4/1/68)	464.12	466.04	468.75	468.48	472.65 (14/2)	449.01 (10/3)
NORWAY						
Oslo SE (1/1/72)	130.29	129.31	130.68	131.52	144.70 (14/2)	110.12 (28/3)
SINGAPORE						
Straits Times (1966)	522.53	520.49	518.88	520.21	532.53 (4/6)	429.76 (3/1)
SOUTH AFRICA						
Gold (1958)	(u)	805.5	831.8	825.8	831.8 (2/6)	585.8 (4/1)
Industrial (1958)	(u)	516.8	520.8	528.1	528.1 (28/5)	456.0 (28/1)
SPAIN						
Madrid SE (28/12/79)	97.97	97.88	(c)	97.44	106.29 (21/2)	93.76 (16/5
SWEDEN						
Jacobson & P. (1/1/58)	370.50	370.18	367.64	367.10	396.98 (8/2)	354.72 (17/1,
SWITZERLAND						
Swiss Bank Co. (31/12/58	293.8	293.4	292.1	292.4	317.8 (11/2)	284.5 (22/4)
WORLD						
Capital Intl. (1/1/70)	—	156.4	156.8	156.6	143.5 (15/2)	120.5 (27/3)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
IBM	654,500	56½	+⅜	Kerr McGee	364,200	78⅝	+2⅞
City Investments	590,800	27	+⅜	Simplicity Pattern	319,100	10	+1
Tosco	439,600	27⅞	—⅛	Am. Tel. & Tel.	313,200	52	—¼
Northwest Air.	421,800	24⅞	—⅜	Middle S. Util.	291,400	12⅞	—⅛
MGIC Invest.	387,000	25½	—	Walt Disney	287,100	49⅝	—2

Plea from early potato farmers

By Robin Reeves

PEMBROKESHIRE early potato growers are appealing to the government to intervene into what they describe as the "virtual collapse" of their early potato market.

Prices offered by merchants have plunged this week from £150 a tonne to as little as £70 a tonne. Mr. Pat Russell, chairman of the NFU's Pembroke branch, said yesterday the situation was critical. An urgent plea for help was being sent to Mr. Nicholas Edwards, the Welsh Secretary of State.

According to the NFU, the market is being undermined by subsidised foreign imports. It claims that some 50,000 tonnes of Spanish early potatoes were landed in the UK last week, subsidised by £47 a tonne to Spanish growers and £17 a tonne to the packers. In addition, a further 20,000 tonnes of French earlies were due to arrive in the country before the end of this week, it says.

Oil states urged to give more food aid

ARUSHA, TANZANIA—Canada has announced a big increase in its contributions to the world food programme, and urged oil-producing countries to distribute more of their wealth in the Third World.

Mr. Eugene Whelan, Canadian Agriculture Minister, addressing a meeting of the United Nations World Food Council (WFC) pledged $190m (£82.5m) to the scheme in 1981 and 1982.

But he said that Canada, the programme's second largest contributor, might have to reduce its aid if energy costs continued to rise.

The combined effect of rising oil prices and high interest rates would result in as much as a 40 per cent increase in food costs between now and 1985.

Mr. Whelan said: "The most obvious solution to this dilemma is for an expansion of the donor community of nations to include a fuller participation of those countries whose ability to contribute has so radically improved as a consequence of oil prices."

Bid to heal rift in world cocoa dialogue

BY JOHN EDWARDS, COMMODITIES EDITOR

A BID to restore co-operation between cocoa producers and consumers, following the collapse of the International Cocoa Agreement at the end of March, was launched at the start of the Cocoa Council meeting in London yesterday.

The Council meeting is primarily to agree on the liquidation of the Agreement's accumulated buffer stock fund of $220m which is due to be returned to the producing countries.

However, delegates were urged by Gamani Corea, secretary-general of the UN Conference on Trade and Development (UNCTAD), to make fresh efforts to co-operate more in the future.

Separate producer and consumer groups met to consider the statement by Mr. Corea, who said that he had been encouraged in informal talks to find a continuing desire to search for solutions to the problems of cocoa. He intended to consult Governments further on how best to resume discussions within a very short time.

Unctad evidently hope that the experiences of the last few months may have changed the mind of both consumers and producers, who allowed the Agreement to collapse after considerable acrimony over a proposed price range. Producers who rejected an offer of a minimum price of 110 cents a pound, protected by the Agreement in favour of a going-it-alone policy, may now take a different attitude in view of the fall in the market recently to well below 110 cents.

Consumers too are known to be somewhat concerned about the long-term impact of the collapse of prices on future supplies from producing countries. It is feared they may be encouraged to cut back production rather than the expansion seen in recent years. On a wider scale it is thought the collapse of the cocoa pact could sour the whole North-South dialogue in view of the developing countries involved.

The problems facing cocoa producing countries were underlined in a World Bank commodities report, obtained by Reuters.

It forecasts that world cocoa bean production will rise to 1.95m tonnes by 1985 and 2.38m tonnes by 1990. This compares with an estimated 1980 output of 1.56m tonnes. World grindings of cocoa, however, are predicted to rise to only 1.875m tonnes by 1985 and 2.2m by 1990.

These projections, of course, are dependent on the weather to a large extent, but they do suggest that the present surplus of cocoa supplies could last for some time yet, and in these circumstances it would be difficult for producers to go it alone, without the cooperation of consumers.

Prices on the London cocoa market rose yesterday, ending between £11 to £19 a tonne higher. Buying interest was said to be mainly covering of previous sales reflecting uncertainty about the impact of the 100,000 tonnes recently sold by Ivory Coast.

It is thought this could rally the market by removing a weak seller and encouraging other producers to hold out for higher prices. But, on the other hand, consumer demand may now be fully covered.

Coffee prices fall

BY OUR COMMODITIES STAFF

COFFEE PRICES fell back on the London futures market yesterday as the Brazilian frost fears which had boosted prices on Tuesday faded. The September position ended the day £16 down at £1,768.5 a tonne, wiping out Tuesday's advance.

It had been feared that cold weather while brought frost to Brazilian non-coffee states on Monday night might move northwards bringing sub-zero temperatures to coffee growing areas in the northern part of the state of Parana. In the event, however, temperatures in the area remained comfortably above freezing on Tuesday night.

But the danger has not passed, London dealers noted yesterday. Risk of frost will remain high until mid-August and it is unlikely there will be many willing sellers in the market until then.

Big rise in Zimbabwe farm production

BY OUR SALISBURY CORRESPONDENT

ZIMBABWE tobacco figures covering the sanctions period published for the first time yesterday show that in 1979 the volume of flue-cured production at 111.7m kilos was the highest since sanctions were imposed in 1966.

During the sanctions period tobacco output fell as low as 5.1m kilos in the 1970-71 growing season. The current season's crop is estimated at between 100m and 118m kilos. In 1979 the crop was valued at a record 92m Zimbabwe dollars (£63m).

The published figures show that while tobacco was the most valuable single product being produced by Zimbabwen agriculture last year, there was large expansion in cotton production from less than Z$3m (£1.8m) in 1965 to Z$55m (£37m) last year.

Similar phenomenal growth records are shown for soya beans — from virtually nothing in 1965 to almost $12m last year — coffee and wheat.

Zimbabwe's sugar output was valued at Z$33.5m last year. Livestock output—mainly beef and milk production—is more valuable than tobacco and was valued last year at Z$115m.

● The British Agricultural Export Council is to publish a report on export opportunities for agricultural goods and services in Zimbabwe on June 17. Mr. Robert Whitcombe, a member of the Council's staff, has just returned from Zimbabwe where he made a detailed assessment of the countries agricultural situation.

The Council is also organising a trade mission to Zimbabwe, sponsored by the British Overseas Trade Board, to coincide with the annual Salisbury show, the country's main agricultural event, on August 24-30.

Sugar market quiet

By Our Commodities Staff

DEMAND FOR sugar export licenses dried up again at yesterday's weekly EEC tender. The EEC Commission cut the export levy to 6.58 European currency units (ECUs) from 10 ECUs last week, reflecting the sharp cut in world market prices, but traders were not tempted and no exports were authorised.

Conditions were relatively quiet on the world market yesterday. The October position on the London futures market, which declined more than £30 on Monday and Tuesday, staged a minor technical rally which lifted the price to £370 a tonne at one stage but following late selling it ended the day only £0.175 up at £367.75 a tonne.

In Paris French traders said they believed an Indian delegation was in the city seeking to buy sugar. But the Indian State Trading Corporation's Paris office could not confirm this. The traders said though India had covered its immediate import requirements it probably still needed to negotiate further purchases.

In New Delhi, however, Mr. Pranab Mukherjee, Indian Commerce Minister, said India planned to export 200,000 tonnes of sugar in the first two months of the next sugar season, beginning in October. This would cancel out recent purchases of 200,000 tonnes leaving India a net exporter.

Tin rises sharply

By Our Commodities Editor

vbgkq cmfw vbg kcmf vbg vbm TIN PRICES rose sharply in early dealings yesterday morning following further rumours that the U.S. might delay the start of tin stockpile sales, scheduled to start on July 1.

An official denial by the General Services Administration of any delay in the sales brought the market back down again, but prices then rallied as fresh buying interest came in.

Cash tin closed £70 up at £7,560 a tonne and moved further ahead in late kerb trading.

A squeeze on immediately available supplies remains with the cash price at a premium to the three motnhs quotation at £7,440. Other base metals moved generally lower.

MEAT PRODUCTION

Greater consumption in the Third World

BY BRIJ KHINDARIA IN GENEVA

THE OIL-PRODUCING countries are rapidly becoming the new and expanding export markets for meat producers, particularly in developing countries which cannot increase sales to western countries because of import curbs and stringent sanitary regulations.

Both the demand for meat and its production will grow more slowly in industrialised countries than in developing countries in coming years. The general outlook for the 1980s is for a further expansion of world meat production, consumption and trade, according to the latest estimates by the Food and Agriculture Organisation (FAO).

Meat exports from developing countries to other Third World countries should increase significantly because of less severe health regulations, nearness of markets, similarity in consumption habits and relatively liberal trade policies.

One result of this outlook has been a shift in Third World demands made to the Common Market, U.S. and Japan — the world's main consumers — negotiations here to regulate world meat markets.

The initial demands by Third World producers, mainly from Latin America, were for a traditional international commodity arrangement for meat, including beef, lamb and poultry. But they ran into sharp resistance from the Common Market and Japan, which are almost self-sufficient in meat production, particularly beef, and have complex price support and export subsidy systems that cannot be tampered with easily.

The producers later scaled down the demands to include simply technical and financial help to improve their export capacities, but failed to win the full support of western countries at negotiations here earlier this month under auspices of the United Nations Conference on Trade and Development (UNCTAD).

Fearing that any special help to countries like Brazil, Argentina and Uruguay would only lead to much greater pressure to increase access to markets, the Common Market and Japan stone-walled producers' suggestions for an international action programme of measures to develop the meat sector.

Instead, a review will be prepared of what is already being done in this field by international organisations. In the meantime, producers will submit proposals for projects in market promotion and research and development which could be assisted by richer nations. Further UNCTAD talks will be held in early 1981 to discuss developments.

In addition to the UNCTAD negotiations, meat market problems are currently discussed by an inter-governmental group created in 1971 in the FAO and an inter-governmental consultative group created under the General Agreement on Tariffs and Trade (GATT) in 1975.

The main concern among both producers and consumers now is to see how a new international arrangement for bovine meat concluded as part of the Tokyo Round trade package under GATT will function. The agreement came into force for three years in January this year.

The agreement's aims are to promote expansion and liberalisation of the world bovine meat and livestock markets.

The measures consist largely of information exchange and discussions without any binding elements. Signatories are asked to provide as much information as possible about trends and policies to facilitate accurate analysis and forecasts about the international meat market.

The arrangement is overseen by an international meat council which evaluates market conditions and suggests solutions to problems of supply and demand without placing any obligations.

Providing an assessment of the accord, an UNCTAD report says it "falls substantially short" of the exporters' original aims, although it has positive elements which should not be underestimated. Developing country exporters are now trying to convert the council into a forum of negotiations for a wider-ranging meat arrangement with substantive and binding economic provisions.

The EEC and Japan sharply oppose any binding provisions to stabilise world bovine meat prices because of their international regulations under which domestic prices are kept considerably higher than world prices and surpluses and subsidised for export.

In 1974, both the Community and Japan curbed imports from Latin America saying that sanitary rules were not met because of foot and mouth disease in some areas. This virtual ban on imports has been a running sore in their dealings with Latin American producers, especially Argentina.

The new agreement does nothing to allay Third World fears that the Community will continue to use health rules as a technical barrier to prevent imports and will continue to invoke GATT's Article 19, which allows import curbs to protect home industries or to preserve quality standards.

A separate accord was concluded in the Tokyo Round package to reduce technical barriers to trade, but it will effect industrial rather than agricultural trade because almost every country regards the main tenets of its protectionist farm policies as unnegotiable.

The community will also remain free to subsidise exports because another Tokyo Round accord to reduce the use of domestic and export subsidies will have only slight impact on the meat trade.

The Community has, however, promised to import at least 34,750 tonnes of boneless beef every year in a commitment made in the Tokyo Round. In fact, the Community imports nearly 350,000 tonnes of beef but it has now bound itself to buy a minimum quantity even if it has a large beef surplus.

The U.S. has pledged to import at least 1.2bn tonnes of beef annually, but 75 per cent of the total will come from traditional suppliers such as Australia and New Zealand and about 20 per cent from developing central American and Caribbean countries. There is little room for significantly expanded sales to the U.S. because of tight controls and health rules.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Fell away on the London Metal Exchange after a steady start when forward metal moved up from £904 to reach £915 on the morning Kerb, influenced by the strength of gold. Steady buying was evident. In the afternoon the market tended to follow Comex, slipping from £909 to a low of £903 and then recovering to close on the Kerb at £915 after an uneventful day. Turnover: 17,225 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	892-3	+3.75	885-7	−7
3 months	912.5-13	+2.25	906.5-7	−7.5
Settlem't	893	+4	—	......
Cathodes		......		
Cash			864-6	−2
3 months	871-3	+7.5	885-9	−3.5
Settlem't	894.5	+7	—	......
U.S. Prod	873	+8	*95	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £892, 92.5, three months £913, 13 12, 11, 12, 12.5, 13, 12.5. Cathodes, cash £869, 70, 71, three months £894. Kerb: Wirebars, three months £913, 15, 14, 13. Afternoon: Wirebars, three months £909, 10, 9.5, 10, 11, 03, 2, 3, 4, 5, 5.5, 6, 7 6.5. Kerb: Wirebars, three months £909, 10, 11, 12, 13, 14, 15, 14.

TIN—Stronger with forward metal starting at £7,330, although the East was closed overnight. Buying against overnight physical business in an oversold market caused an immediate advance which brought in stop-loss, chartist and general speculative buying. A high point of £7,480 was reached on the morning Karb. But in the afternoon, the unsteadiness of copper and denial of rumours of GSA sales being delayed, caused a relapse to £7,420. But fresh buying entered the market, leading to a close on the Kerb of £7,445. Turnover: 4,955 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7570-80	+75	7550-70	+70
3 months	7495-520	+137	7480-500	+87.5
Settlem't	7580	+70	—	......
Standard				
Cash	7570-80	+75	7550-70	+70
3 months	7455-65	+112	7440-50	+77.5
Settlem't	7580	+70	—	......
Straits E.	‡$2181	......	—	......
NewYork	—	......	—	......

Morning: Standard cash £7,570, three months £7,420, 25, 40, 50, 60, 50, 60, 50, 60, 55, 50, 55, 60. Karb: Standard three months £7,470, 80, 90. Afternoon: Standard three months £7,420 10, 20, 25, 30, 50. Kerb: Standard cash £7,560, three months £7,440, 45, 50, 45, 40, 45.

LEAD—Lower in a market lacking fresh stimulus. A high point for the day was touched in pre-market trading when forward metal traded at £322. Thereafter, prices held in a narrow range just under this level and the close on the Kerb was £319.5. Turnover: 4,600 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	319-20	−1	315.5-7	−8.25
3 months	320-2	−1	318-20	−8
S'ment	320	−1	—	......
U.S. Spot	—	......	*36-40	......

Morning: cash £322, 20, three months £320, 19. Afternoon: three months £318. Kerb: three months £319, 20, 19.

ZINC—Easier in quiet trading with forward metal touching £309 in early trading and then moving between £305 and £308. The close on the Kerb was £306. Turnover: 7,350 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Cash	294.5-5	−.75	294-.5	−3.25
3 months	305.5-6	−.75	305-.5	−3.25
S'ment	295	−1	—	......
Primw'ts	—	......	*37.5	......

Morning: Cash £295.5, 95 three months £308, 7, 6. Kerb: three months £306. Afternoon: three months £307, 6, 5. Kerb: three months £305, 6.

ALUMINIUM—Little changed with forward metal starting at £722 and advancing to £726 despite the strong pound. Thereafter it moved in a narrow range around £725 and finished on the Kerb at £726. Turnover: 4,500 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	†+ or —
	£	£	£	£
Spot	728-30	+4	728-30	−1
3 months	724.5-5	+3.25	724.5-5	−.5

Morning: Cash £729, three months £725, 24.5, 24. Kerb: three months £725, 26. Afternoon: three months £725, 24. Kerb: three months £726.

NICKEL—Steady but trading was thin with forward metal at £2,700 during the morning and in the afternoon advancing against the general trend of other metals to £2,750. It was unquoted on the Kerb. Turnover: 186 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2600-20	+12.5	2625-35	+15
3 months	2695-70	+12.5	2715-20	+25

Morning: three months £2,700. Kerb: three months £2,700. Afternoon: three months £2,700, 10, 15.

* Cents per pound. ‡ SM per picul. † On previous unofficial close.

SILVER

Silver was fixed 47.5p an ounce higher for spot delivery in the London bullion market yesterday at £6.533. U.S. equivalents of the fixing levels were: Spot $15.150, up 98.3c; three-month $15.428, up 96.6c; six-month $15.885, up 96.9c; and 12-month $16.559, up 94c. The metal opened at £6.35-£6.50 ($14.7-15.0) and rose at the close to £6.58-£6.67 ($15.3-15.6).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unofficl'l	+ or —
Spot	653.30p	+47.5	665.0p	+35.7
3 months	675.80p	+47.8	688.0p	+36.5
6 months	703.90p	+48.8	—	......
12months	743.90p	+48.8	—	......

LME—Turnover 151 (122) lots of 10,000 ounces. Morning: Three months 676, 77, 76, 77, 76.5, 77, 78, 79, 80, 81, 80. Kerb: Untraded. Afternoon: Cash 664; three months 686, 87, 88, 90, 91, 90, 88, 90, 87, 85, 88, 87. Kerb: Three months 691, 92, 91.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 470 tonnes, bringing the total for the week so far to 730 tonnes. Buying expanded from relatively small operations, spinners being increasingly anxious to secure forward requirements. With African and Middle Eastern descriptions wanted on a freer scale, additional support came in North and Central American styles.

COCOA

Futures closed some £15 above the levels of Tuesday evening at the end od a less eventful day than seen of late. Producers were reluctant sellers of physicals at current levels but once more consumers made light forward purchases of both cocoa beans and products, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or −	Business Done
July	1071-73	+18.5	1076-55
Sep	1096-98	+15.5	1105-080
Dec	1147-48	+18.0	1155-34
March	1184-97	+17.0	1200-180
May	1214-22	+12.0	1216-08
July	1240-45	+10.5	1240-35
Sept	1265-66	−12.0	1266

Sales: 2,215 (4,759) lots of 10 tonnes.

COFFEE

Initial steadiness in Robustas was prompted by further cold weather approaching Brazil and good commission house buying, reports Drexel Burnham Lambert. In the afternoon prices fluctuated in a fairly narrow range but the market closed weaker following some late liquidation which triggered stop-loss orders during the final run.

COFFEE	yesterday's Close	+ or —	Business Done
	£ per tonne		
July	1713-15	−18.0	1736-12
Sept	1768-69	−16.0	1787-65
Nov	1785-88	−5.0	1896-08
January	1801-03	+5.5	1805-97
March	1770-75	−15.0	1777-72
May	1750-58	+4.0	1760-48
July	1706-65	+5.0	—

Sales: 3,535 (4,955) lots of 5 tonnes.

ICS Indicator prices for June 3 (U.S. cents per pound): Other Mild Arabicas 194.17 (193.67); Robustas ICA 1976 194.17 (same). ICA 1968 177.25 (same). Unwashed Arabicas 211.00 (212.50). Comp. daily ICA 1968 195.86 (196.20).

GRAINS

LONDON GRAIN FUTURES—Reasonable buying interest firmed values initially to grade 20p-25p higher in fairly quiet trading conditions. Values slipped back slightly in the afternoon to close about steady unchanged-20p up on barley and 15-20p up on wheat, reports Acli.

	WHEAT		BARLEY	
M'nth	Yesterday close	+ or —	Yesterday close	+ or —
Sept	94.55	+0.15	91.85	+0.20
Nov	98.30	+0.15	95.80	+0.15
Jan	102.15	+0.15	99.55	+0.10
Mar	105.55	+0.15	103.00	+0.10
May	109.00	+0.20	106.25	....

Business done—Wheat: Sept. 94.50-94.45, Nov. 98.40-98.10, Jan. 102.20-102.10, March 105.65-105.40, May 109.00-108.95. Sales: 144 lots of 100 tonnes. Barley: Sept. 91.85-91.75, Nov. 95.90-95.70, Jan. 99.55-99.55, March 103.00-103.00, May 106.45-106.20. Sales: 140 lots of 100 tonnes.

IMPORTED—Wheat: U.S. Dark Northern Spring No. 2 14 per cent, June 93.00, July 94.00, Aug. 95.25 transhipment East Coast. Maize: French June 118.25, July 119.25 East Coast. South African Yellow June/July 77.00. Barley: English Feed fob June 97.00, April/June 1981 110.00 sellers East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 95.00, E. Midlands 91.80, N. East 92.60, Scotland 94.00. Other milling wheat: E. Midlands 104.10, N. East 101.70.

RUBBER

The London physical market opened easier, with little interest throughout the day, closing on a quiet note, Lewis and Peat reported. The Malaysian market was closed.

Physical closing prices (buyer) were: Spot 57.00p (same); July 61.25p (61.50p); August 62.00p (62.25p).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
July	58.50-58.90	58.80-58.90	58.80-58.50
Aug	59.60-59.80	59.90-60.00	—
Jly-Sept	59.60-59.80	59.80-60.00	59.80-59.70
Oct-Dec	63.20-63.40	63.40-63.60	63.20-62.70
Jan-Mar	66.20-66.50	66.50-66.60	66.30-65.90
Apr-Jne	69.00-69.20	69.30-69.40	69.10-68.90
Jly-Sept	71.70-71.80	71.90-72.10	—
Oct-Dec	74.40-74.50	74.50-74.70	74.50
Jan-Mar	76.60-76.70	77.00-77.10	76.60-76.50

Sales: 128 (282) at 15 tonnes, 4 (9) at 5 tonnes.

SOYABEAN MEAL

The London market opened unchanged in quiet trading conditions, reports T. G. Rooddick. Fresh commission house buying steadied prices and the market closed with small gains.

	Yest'rday Close	+ or —	Business Done
	£ per tonne		
June	99.00-100.0	−0.50	99.70
August	102.80-03.1	+0.20	103.00-02.70
October	102.00-02.1	−0.35	102.00-01.80
December	105.30-05.7	+0.35	105.88-05.60
February	108.00-08.8	+0.25	—
April	109.00-12.0	+0.50	—
June	110.50-14.5	+1.0	—

Sales: 43 (65) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £305.00 (£310.00) a tonne cif for June-July shipment. White sugar daily price was £333.00 (£330.00).

The market rapidly moved ahead at the opening, gaining some £5 from kerb levels. Prices were contained within a narrow range but after the EEC declined all bids further gains of up to £5 were recorded before profit-taking forced quotations back to opening levels, reports C. Czarnikow.

Sugar Pref. Comm. Con.	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
Aug	369.00-69.50	361.50-62.75	371.00-58.00
Oct	379.05-79.75	367.55-67.80	380.00-63.50

Sales: 7,349 (11,738) lots of 50 tonnes.

No 4 CONTRACT—Close (in order buyer, seller only): Aug. 345.50, 346.00; Oct. 367.50, 368.00; Jan. 378.00, 379.00; March 379.50, 380.00; May 375.00, 379.00; Aug. 368.00, 375.00; Oct. 365.00, 370.00. Sales: 1,052 (1,965).

Tate and Lyle ex-refinery price for granulated basis white sugar was £324.7 (same) a tonne for home trade and £451.50 (same) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for June 3: Daily price 30.01 (32.81); 15-day average 32.82 (32.97).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business, sales). Australian cents per pound. July 485.5, 486.0, 490.0-481.0, 165; Oct. 471.0, 472.0, 477.0-466.0, 383; Dec. 472.0, 473.5, 475.5-466.0, 215; March 472.0, 473.0, 477.0-467.0, 157. May 473.5, 474.0, 476.0-470.0, 50; July 474.0, 475.0, 479.0-473.0, 30; Oct. 475.0, 477.0, 475.0-472.0, 29; Dec. 475.0, 480.0, 475.0-475.0, 5. Sales: 1,034.

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo 378, 383, 383-381, 2; Oct. 380, 385, nil, nil; Dec. 381, 387, 381, 5; Jan. 383, 387, 384, 6; March 385, 390, 384, 8; May 385, 390, 386, 4; Aug. 384, 395, 388, 1; Oct. 385, 385, nil, nil. Sales: 26.

*

GRIMSBY FISH — Supply good, demand fair. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£5.00, codlings £2.50-£3.40. Large haddock £4.20-£5.80. Large plaice £5.00, medium £4.60-£5.30, best small £3.60-£4.60. Skinned dogfish (large) £10.00, (medium) £8.00. Lemon soles (large) £8.00, (medium) £7.50. Reds £2.10. Saithe £2.00-£2.70.

*

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on June 4. GB—Cattle 83.59p per kg liveweight (+0.58). UK—Sheep 161.45p per kg edcw (+5.65). GB—Pigs 68.07p per kg liveweight (+1.11).

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 67.0 to 73.0; Eire hindquarters 82.0 to 88.0, forequarters 43.0 to 48.0. Veal—Dutch hinds and ends 102.0 to 104.0. Lamb: English small, new season 72.0 to 80.0. Imported frozen: NZ PL 60.0 to 61.0, PM 58.0 to 59.0. Pork: English, under 100 lb 45.5 to 50.0, 100-120 lb 40.0 to 48.0, 120-160 lb 39.0 to 46.0.

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Oranges—Jaffa: Valencia Lates 50/189's 4.15-5.60; Egyptian: Valencia Lates 75/125's 2.50-2.60; Moroccan: 54/113's 3.80-4.80; Cypriot: Valencia Lates 3.60-4.80; Arizona: Valencia Lates 72/113 3.90-5.30, Outspan Navels 3.80-4.30. Lemons—Italian: 100/150's 4.20-4.50; Spania: Trays 25/45's 1.80-2.20, boxes 4.80-5.50, Outspan: Boxes 4.80-6.20, trays 2.50-2.80. Grapefruit—Cypriot: 20 kg 4.50-6.00; Jaffa: Boxes 40/56's 5.00-5.50, Outspan: 3.95-4.55. Apples—New Zealand: Sturmer Pippins 8.20; Red Delicious 138 9.20-9.40; Tasmanian: Jonathans 8.20-8.50, Golden Delicious 7.30-7.50, Crofton 8.50-9.00, Sturmer Pippins 8.00-8.50; S. African: Golden Delicious 8.80-9.00, Starking 7.30-8.30, White Winters 125/180's 6.70-7.00, Granny Smith 7.80-8.20; Argentine: Red Delicious 8.80-9.00; Dutch: Golden Delicious 22 lb 2.30; French: Golden Delicious, boxes 40 lb 138/198's 4.80-6.00, 28 lb 3.30; Italian: Jonathans/Romes 40 lb 5.40, Winesaps 5.20. Pears—S. African: Approx. 25 lb Beurre Bosc 7.20-7.30, Packham's 8.10-8.50; Italian: Passacressane 12 lb 1.90-2.10; Victorian: Josephines 9.50-10.00, Packham's 9.50-10.50, Winter Nelis 8.20-8.50. Peaches—Spanish: Yellow Flesh 3.00-4.00. Apricots—Spanish: 2.50-3.50. Grapes—S. African: Barlinka 8.00, Golden Hill 7.80, Almeria 8.20; Chilean: Emperor 6.70. Strawberries: Per punnet, Italian: 0.27½; Spanish: 0.27; American: 0.90. Cherries—Per pound, French: 0.60; American: 1.00; Lebanese: 0.70. Melons—Israeli: Galia 5.50; Spanish: 8/11's 4.00, Ogens 3.50. Mariana 6 kg 2.40-2.60; Israeli: Yellow 9.25-9.50. Water Melons—Israeli: 5.00, Spanish: 3.60-4.00. Avocados—S. African: 3.40-3.50. Bananas—Jamaican: 28 lb, per pound 0.19. Tomatoes—Dutch: 4.00-4.20; Guernsey: 4.00-4.30; Jersey: 4.00-4.20. Onions—Dutch: 6.20; Spanish: 6.00; Egyptian: 6.50; Texan: 7.90. Potatoes—Sypriot: 6.50, new crop 20 kg 3.90; Jersey: Per pound 0.12; Valencia: 44 lb 2.80; Majorcan: 44 lb 4.00-4.20; French: Dukes 4.80, Princes 4.00; Greek: 3.60. Carrots—French: 22 lb 3.60, 26 lb 4.60; Italian: 3.50; Cypriot: 3.30. Beetroots—Cypriot: New crop, approx. 28 lb 3.50; Italian: 2.50. Cabbages—Dutch: White 2.60-3.00. Asparagus—Hungarian: Per bundle 0.80. Courgettes—French: Per pound 0.30.

English Produce: Potatoes—Per bag 2.00-2.30. Mushrooms—Per pound 0.65-0.70. Apples—Per pound, Bramley 0.10-0.16. Strawberries—English per ½-lb 0.20-0.25. Cabbages—Per bag 1.50-2.00. Cauliflowers—Per 12's English 3.40-4.50. Cucumbers—Trays 16/20's 1.70-2.00. Tomatoes—Per 12 lb 3.80-4.20. Lettuce—Per pound round 0.60-0.80. Rhubarb—Per pound outdoor 0.06. Onions—Per bag 6.50. Beetroots—Per bag round 1.50, long 2.00. Celery—English 12/30's 4.50-5.00. Asparagus—Per pound 0.90-1.00. Lettuce—Cos 1.50, Webbs 1.60-1.80.

PRICE CHANGES

In tonnes unless otherwise stated.

	June 4 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£810/815
Free Mkt	$1690/1720	....	$1788/10
Copper			
Cash w'bar	£886	−7	£898
3 mths	£906.75	−7.5	£920.25
Cash Cathode	£865	−2	£880.5
3 mths	£887.5	−3.5	£901.5
Gold troy oz	$577	+24	$516.5
Lead cash	£316.25	−8.25	£348.4
3 mths	£319	−8	£355
Nickel	£3,335.5	....	£3,335
Freemkt(cif)lb	265/295c	....	265/305c
Platin'mtr'y oz	£189-193	....	£189/193
Free mkt	£268.05	+5.9	£248.60
Quicksil'ver†	$390/400	....	$380/390
Silver troy oz	653.30p	+47.5	579.40p
3 months	675.80p	+47.8	598.90p
Tin Cash	£7,560	+70	£7,417.5
3 mths	£7,445	+77.5	£7,447.5
Tungsten22.04lb	$141.73	−8.76	$144.50
Wolfrm 22.04 lb	$138/145	....	$138/145
Zinc cash	£294.25	−3.25	£297
3 months	£305.25	−3.25	£308.5
Producers	$780-825	....	$780/825
Oils			
Coconut (Phil)	$625	+10	$600
Groundnut	‡	....	‡
Linseed Crude	£404	....	£387
Palm Malayan	$565	....	$570
Seeds			
Copra Philip	$415	−5	$365
Soyabean(U.S.)	$262	+1	$266.10
Grains			
Barley Futures	£95.80	+0.15	£91.10
Maize			
French No3AM	‡	‡	‡
Wheat			
No. 1 Red Spg.	‡	....	‡
No2HardWint.	‡	....	‡
Eng. Milling†	‡	....	‡
Other commodities			
Cocoa ship't	£1,153	+18	£1,270
Future Sept.	£1,097	+15.5	£1,234.5
CoffeeF't'Sept.	£1768.5	−16	£1,709
Cotton A.Index	86.50c	−0.80	88.40c
Rubber (kilo)	57.00p	....	61p
Sugar (Raw)	£305	−5	£304
Wooltp's 64s kl	293p kilo	....	292pkilo

u July-Aug. s June-July. w Aug. x July. z Indicator. § Buyer. ‡ Per 276-lb flask.

AMERICAN MARKETS

NEW YORK, June 4.

THE LIVESTOCK complex rallied on the strong tone to the beef and pork complex. Grain trade was very erratic. Soyabeans were mixed on commercial buying interest at the low and commission house selling near the highs. Gold and silver advanced on concern over Mid-East tension, while copper was supported by further declines in the U.S. Prime Rate. Sugar posted sharp gains on Thai sugar corporations force majeure on exports. A technical correction to an oversold market rallied cotton. Cocoa finished higher on short-covering. Local and trade selling depressed coffee values, reported Heinold.

Copper—June 90.90 (89.30), July 91.70-91.80 (90.20), Aug. 92.50, Sept. 92.80-93.20, Dec. 94.50-95.10, Jan. 95.50, March 96.40, May 97.30, July 98.20, Sept. 99.10, Dec. 100.50, Jan. 101.00, March 102.00. Sales: 5,100.

Potatoes (round whites)—Nov. 75.0-75.2 (74.7). March 90.5 (89.0). April 102.3-102.4. Sales: 1,165.

Sugar—No. 11: July 32.40-32.60 (31.10). Sept. 34.20-34.35 (33.88). Oct. 34.85-34.90, Jan. 35.50, March 35.85-36.00, May 35.60, July 34.80, Sept. 33.50, Oct. 33.00-33.40. Sales: 17,227.

Tin—792.00-805.00 asked (778.00-790.00).

CHICAGO, June 4.

Lard—Chicago loose 17.50 (same). New York prime steam 19.00 (same).

285-284¾ (284¾). Dec. 292-292¼. March 303¾-303¼. May 310¾-311. July 315¾-316.

Silver—June 1545.0 (1458.0), July 1530.5 (1470.5), Aug. 1542.5, Oct. 1570.0, Dec. 1596.5, Feb. 1623.0, April 1649.5, June 1676.0, Aug. 1702.5, Oct. 1729.0, Dec. 1755.5, Feb. 1779.0, April 1800.0, June 1821.0, Aug. 1842.0, Oct. 1863.0.

Chicago Imm Gold—June 584.0-581.5 (556.5). July 585.0 (562.0). Sept. 598.5-597.0, Oct. 603.0, Dec 615.5-616.0, Jan. ——, March 635.0, April 640.0.

†Soyabeans—July 617½-618 (618½). Aug. 626-615½ (626½). Sept 633½-634, Nov 647½-648, Jan. 662½-663, March 677½, May 689-690, July 697½.

‖Soyabean Meal — July 169.5-169.6 (168.7), Aug. 172.6-172.5 (171.5), Sept. 175.3-175.5, Oct. 177.7-177.8, Dec. 182.0-181.8, Jan. 183.5, March 188.0, May 191.3-191.8, July 194.5-195.0, Aug. ——.

Soyabean Oil — July 21.22-21.25 (21.37), Aug. 21.48-21.46 (21.61), Sept. 21.70-21.65, Oct. 21.85-21.90, Dec. 22.22-22.30, Jan 22.35, March 22.70-22.75, May 23.00-23.05, July 23.20-23.25, Aug. 23.30-23.40.

†Wheat—July 401½-401 (404½). Sept 413-413½ (416¾), Dec. 430½-431, March 446-445, May 452½-452, July 456.

WINNIPEG, June 4. §Barley—July 126.30 (125.00). Oct. 121.30 (120.60). Dec. 119.80, March 119.70.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 215.63 (216.48).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. †† Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, June 4.

Wheat—U.S. No. 2 Red Winter July $197, Aug. $183, Sept. $184. U.S. No. 2 Northern Spring, 14 per cent, June $191, July $193, Aug. $195, Sept. $197, Oct. $201, Nov. $204, Dec. $207. Rest unquoted.

Maize—Spot $144, afloat $139.50, June $137, July $137.25, Aug $139, Sept. $140.50, Oct.-Dec. $144.50, Jan-March $153.

Barley—June $143.50, July $145.75, Aug. $148.

Soyabeans—U.S. Two Yellow Gulfports June $257, July $258.50, Aug. $260.75, Sept. $264.60, Oct.-Nov. $266, Dec. $271.25, Jan. $275.25, Feb. $281.25, March $283.75 sellers. Brazil Yellow Faq afloat $256.75 seller. Argentine June-July $252.50, Aug. $255.25, Sept. $261, Oct. $256 sellers.

Soyameal—44 per cent protein U.S. afloat $219, June $218, July-Aug. $219, Sept. $220, July-Sept. $219.50, Nov.-March $236.50. Brazil Pellets afloat $226, June-July $222.50, Aug. $225, Sept $229, Oct. $235, Nov.-March $245.50.

PARIS, June 4.

Cocoa (FFr per 100 kilos)—July 1000-1070, Sept. 1043-1059, Dec. 1067-1078, March 1101-1119, May 1125-1140, July 1140. Sales at call 0.

Sugar (FFr per 100 kilos)—July 3220-3300, Aug. 3320-3325, Oct. 3460-3465, Nov. 3440, Dec. 3560-3600 March 3680-3690, May 3740, July 3750. Sales at call 17.

INDICES

FINANCIAL TIMES

June 3	Jun 2	M'nth ago	Year ago
267.72	265.30	275.07	291.02

(Base: July 1, 1952=100)

MOODY'S

June 3	Jun 2	M'nth ago	Year ago
1111.6	1124.6	1107.8	1071.3

(December 31, 1931=100)

DOW JONES

Dow Jones	June 3	June 2	Month ago	Year ago
Spot	402.37	414.92	426.77	049.16
F'tur's	438.75	442.34	433.44	408.99

(Average 1924-25-26=100)

REUTERS

June 4	June 3	M'nth ago	Year ago
1680.3	1678.6	1692.1	1583.3

(Base: September 18, 1931=100)

U.S. funding of rubber pact

WASHINGTON — The House of Representatives authorised spending of $88m (£38.19m) to meet U.S. obligations under the International Natural Rubber Agreement.

The measure provides funds for U.S. participation in the agreement, which establishes an international buffer stock of 550,000 tonnes with the intent of stabilising prices.

MLR optimism quickly dashed but firm tone remains

Equity index rises 3.0 more to 423.0-Australians lively

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
May 12	May 28	May 30	June 9
June 2	June 12	June 13	June 23
June 16	June 26	June 27	July 7

* "New time" dealings may take place from 9 am two business days earlier.

Although the authorities quickly dashed the hopes of an early cut in Minimum Lending Rate raised by the Prime Minister's indication that the Government intends to use the reduction in Britain's net contribution to the EEC budget in an attempt to lower interest rates, the underlying tone in the two main investment sectors of London stock markets remained steady to firm yesterday.

General investment incentive was dampened by the lack of short-term scope for interest rates but a small buying interest developed in selected leading industrials and many edged a penny or so higher, after having made a rather uncertain start. Down 0.3 at the 10 am calculation, the F.T. 30-share index rallied to close 3.0 higher on balance at 423.0.

Of the few noteworthy movements among the leaders, Vickers, up 8 at 117½p, responded to favourable comment on the full report and accounts, but Lucas weakened 5 to 185p following confirmation that the company is planning some 3,000 redundancies at its Lucas Electrical subsidiary.

British Funds traded quietly. Up to ¼ better at one stage on revived foreign support, medium and long-dated stocks drifted back, but tended harder in the after-hours' trade following a Prime Rate reduction to 13 per cent. War Loan was a notable exception and closed ⅝ down at 31½ owing to persistent domestic selling in a market lacking support.

Short-dated Gilt-edged were erratic for the most part, but finished with late gains ranging to 1/16. Applications for the £1bn issue of new medium tap stock, Exchequer 13½ per cent 1994, were allotted in full and dealings in the £40-paid stock begin this morning.

South African mining shares staged a useful rally after the previous day's setback caused by a combination of political unrest and the labour troubles at the Stilfontein gold mine. Another keen business developed in Australian gold shares and energy-related issues, many of which scored sizeable improvements.

The feature in Traded options was Land Securities which contributed 364 deals to an overall total of 982. This was slightly below the previous day's 1,020.

Discount Houses became unsettled by a broker's adverse circular and closed with double-figure falls in places. Union, 425p, and Allen Harvey and Ross, 330p, declined 20, while Gerrard and National gave up 12 at 238p and Cater Ryder 8 at 315p. Alexanders relinquished 7 to 233p and Jessel Toynbee cheapened 6 to 70p. Quietly firm conditions prevailed among the major clearers with sentiment helped by the Government's declaration that it has no intention of introducing a "windfall tax" on bank profits this year. Barclays improved 5 to 420p as did Lloyds, to 300p and NatWest to 335p. Elsewhere, Ottoman Bank touched £66 on renewed speculative support ahead of today's annual meeting before easing on profit-taking to close a net 2 points down at £62.

Improvements in Insurances ranged to 6 with Refuge adding that much at 176p. Pearl firmed 4 to 336p and Willis Faber gained a similar amount to 224p.

Breweries trended firmer in a quiet business. Bass added 2 at 213p, while Allied, 76p, and Scottish and Newcastle, 54½p, both hardened. Among regional issues, Youngs rallied 5 to 160p, while speculative support was again evident for Davenports, up 3, for a two-day rise of 8 at 119p.

Most leading Buildings registered modest gains and Blue Circle hardened 2 to 318p, while Rugby Portland Cement improved 1½ to 73½p. Costain added 4 more at 136p and Redland picked up 3 at 150p. M. J. Gleeson were notable for a gain of 3 at 35p, but Newarthill eased 9 to 200p. Still responding to a recent buy recommendation, Dereck Crouch firmed 3 for a two-day gain of 20 to 138p. Elsewhere, Armitage Shanks put on 3 to 90p, after 91p, in response to the excellent preliminary results.

A continuing squeeze on bear positions raised ICI 6 more to 366p. Among other Chemicals, Hickson and Welch eased 3 to 152p awaiting today's half-yearly results, but gains of a couple of pence were seen in Brent, 134p, and Coalite, 108p.

Speculative attention again turned towards selected secondary Stores. Polly Peck rose 4 to 58p, while Ratners finished 5 to the good at 57p. Fellow jewellers Ernest Jones, on the other hand, eased 4 to 94p. The full-year earnings from Comet Radiovision proved to be in excess of market estimates and the close was 2 better at 72p, after 74p. Support was also seen for MFI, 5 up at 55p, and for Elys (Wimbledon), 3 dearer at 160p, but Martin The Newsagent dipped 4 at 190p on further consideration of the disappointing annual results. Leading Stores continued to make progress, although trading was again thin. GUS A, 386p, and Mothercare, 232p, both firmed 4, while British Home, 260p, rose a similar amount following the chairman's confident statement at the annual meeting.

Racal good

Racal continued to benefit from the proposed restructuring of Decca and gained 8 more to 242p. Other Electrical majors also made headway with BICC rising 2 to 112p and GEC 3 to 351p. Secondary issues were often steadier than of late, although Unitech shed 4 to 264p. Electronic Rentals picked up 3 to 94p awaiting today's annual results.

Vickers highlighted Engineerings with a rise of 8 to 117½p in response to comment on the annual report. Other leaders plotted an irregular course with Tubes closing 4 better at 246p, Hawker 2 dearer at 164p but GKN, 233p, and John Brown, 47½p, down a penny apiece. Secondary issues were featured by a fall of 6 to 10p in British Northrop following a report that the auditor's have qualified the accounts. Eva Industries, however, rose 3 to 58p on the results, while Thomas Locker ordinary and A both improved 1½ to the common level of 10½p despite the lower profits. Still reflecting Press comment, Northern Engineering Industries improved 1½ more to 40½p.

Marked down to 186p immediately after the announcement that S. and W. Berisford's offer for the company had lapsed owing to the Monopolies Commission reference, British Sugar picked up to close just 2 cheaper on balance at 192p. S. and W. Berisford were marked 4 higher at 142p. Elsewhere in the Food sector, Clifford's Dairies A revived with a gain of 4 to 87p, while Hazlewood's Proprietary added 5 at 82p.

Reports of record takings on the Derby encouraged support for Ladbroke and Coral Leisure, which added 2 apiece to 158p and 67p respectively; the announcement that Mr. Bernard Coral had resigned from the latter's Board made no impact on the share price.

Reed Int. up again

Miscellaneous industrial leaders took the previous day's strong rally a useful stage further when, after early hesitancy, prices made further progress. Reed International were again well to the fore, rising 6 afresh for a two-day advance of 19 at 182p following comment on the annual results. Beecham improved 4 more to 123p as did Rank Organisation to 176p, while Glaxo rose 2 to 196p and Turner and Newall hardened a penny to 96p. Elsewhere, North Sea oil enthusiasm prompted a fresh rise of 6 to 129p in National Carbonising, while BET, which also have North Sea interests, added 3 to 126p. Up 20 last week on the retiring chairman's decision to sell his and his family's stake in the company, representing 60 per cent of the capital, Thomson T-Line Caravans firmed 5 more to 80p, while a resurgence of peculative buying prompted respective improvements of 2½ and 5 in Kalamazoo, 66½p, and Wilkinson Match, 122p. Macarthys Pharmaceutical firmed 4 to 94p and Petrocon improved 3 to 22p but Maddock came on offer at 5p, down 3. C. and W. Flexello lost 6 to 54p and Redfearn National Glass gave up 10 further to 195p.

Confirmation of the reported redundancies at its electrical subsidiary clipped 5 from Lucas, at 185p. Other Components also trended easier and Dunlop shed a couple of pence to 70p, while Dowty lost the turn to 172p. Among Distributors, T. C. Harrison added a few pence at 52p following the annual meeting, but other issues retreated to lower levels.

The Property sector remained cautious about the outlook for interest rates. Land Securities touched 330p before reverting to the overnight level of 328p, while MEPC, a good market on Tuesday following the sharply increased half-yearly income, remained at 204p. Elsewhere, Mountview Estates put on 11 to 139p in response to the sharply increased preliminary profits.

Oils firm

Oils moved forward strongly after early caution and closing levels were the best of the day. British Petroleum rose 12 to 356p awaiting today's first-quarter figures, while Shell firmed 6 to 396p. Tricentrol became a particularly good market and put on 24 to a 1980 peak of 378p. Siebens UK opened at 233p ex the four-for-one share split and slipped to 230p before closing at 245p for a net gain of 8. Lasmo added 10 to 680p and Ultramar 6 to 358p. Elsewhere, Ranger advanced 1⅝ points to £12⅛, after £12¼, on renewed speculative support.

Among Overseas Traders, Thomas Borthwick continued to recover from the recent poor interim performance and added 2 more at 34p. Further consideration of the previous day's preliminary results clipped 12 from Harrisons and Crosfield, 700p, but Gill and Duffus picked up 4 to 124p in response to the chairman's encouraging progress report at the annual meeting.

Trusts reflected the firmer trend seen in equities and Gresham House improved 8 to 173p. In Financials, Charterhouse rose 3 to 77p in response to a Press recommendation.

Shippers were again featured by Milford Docks, up 10 at 145p on lingering bid hopes.

The auditor's qualification or the Accounts had no effect on Tootal, a shade firmer at 25½p. Elsewhere in Textiles, Shaw Carpets found support and rose 3½ to 23½p, while Sidlaw closed 5 to the good at 109p.

Australian issues were again the outstanding feature in mining shares yesterday, although there was renewed buying interest in South African Golds amid signs that the bullion price was starting to offset the effects of the political unrest in the Republic.

Gold shares led the rises in a very busy market in Australians as the metal closed $24 higher at $577 per ounce. Gold Mines of Kalgoorlie jumped 32 to a new high of 310p, North Kalgurli put on 6 to 78p, and Poseidon added 9 to 173p.

Southern Pacific reached a new high of £11¾ after a rise of ½, but shares of its partner in the Rundle oil shale venture Central Pacific were unchanged at £29¾.

South African Golds also picked up on the back of the bullion price rise and were a firm market all day. Among the heavyweights, East Driefontein and West Driefontein both gained ½ to close at £10⅝ and £36⅝ respectively, and Hartebeest put on 1½ to £29¾.

Of the lighter priced issues, Stilfontein added 49 to 819p after the satisfactory dividend and the return to work by the mine's underground workers. Blyvoor rose 36 to 711p, and Zandpan added 30 to 506p in sympathy with the rise in Hartebeest. The Gold Mines index closed 7 points up at 328.

South African Financials were mostly firmer, although there was little demand. Gold Fields of South Africa gained ½ to £32⅝, Anglo American added 5 to 570p, and Amgold were 1½ better at £36½.

The firmer trend was followed by London Financials, and here there was evidence of London buying. Rio Tinto-Zinc were 10 better at 375p, Selection Trust gained 4 at 634p, and Consolidated Gold Fields a similar amount to 466p. Tanks put on 15 to 285p after improved results.

FINANCIAL TIMES STOCK INDICES

—	June 4	June 3	June 2	May 30	May 29	May 28	A year ago
Government Secs.	67.37	67.47	67.11	67.70	67.87	68.03	72.91
Fixed Interest	68.21	68.20	68.12	68.42	68.43	68.38	75.07
Industrial	423.0	420.0	412.7	415.9	417.8	416.6	516.9
Gold Mines	328.0	321.0	339.2	332.8	334.4	332.3	208.4
Ord. Div. Yield	6.46	6.56	6.69	6.63	6.61	6.59	5.71
Earnings, Yld. % (full)	20.41	20.74	21.09	20.95	20.88	20.93	15.04
P/E Ratio (net) (*)	5.85	5.85	5.75	5.79	5.80	5.80	8.51
Total bargains	17,656	19,965	19,195	20,970	18,351	20,099	—
Equity turnover £m	—	94.76	94.00	116.24	92.56	96.97	80.87
Equity bargains total	—	13,935	14,874	16,716	13,763	13,871	13,481

10 am 419.7. 11 am 420.3. Noon 421.5. 1 pm 421.8. 2 pm 421.6. 3 pm 421.4.

Latest Index 01-246 8026.

* Nil=5.57.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	69.26 (21/1)	63.88 (7/6)	127.4 (9/1/58)	49.18 (6/1/75)
Fixed Int.	69.61 (21/1)	64.70 (10/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	478.8 (15/2)	406.9 (5/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	377.9 (28/2)	265.5 (18/6)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	June 4	June 3
Daily		
Gilt Edged	128.6	112.4
Industrials	114.6	109.1
Speculative	37.0	45.6
Totals	82.8	78.0
5-day Avge.		
Gilt Edged	104.6	102.1
Industrials	110.0	108.7
Speculative	39.2	39.6
Totals	76.8	75.4

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	330	38	6	50	—	68	—	352p
BP	360	20	8	36	13	49	—	"
BP	390	10	1	21	2	—	—	"
BP	420	3	8	4	—	—	—	"
Com. Union	130	9	3	15	—	19	—	131p
Com. Union	140	3½	—	10	2	14	—	"
Courtaulds	60	9	7	11	—	13	—	66p
Courtaulds	70	3	5	6	—	8	—	"
Courtaulds	80	1	—	3½	8	—	—	"
GEC	390	4	—	15	—	29	5	351p
Grand Met.	120	18½	11	21½	1	28	—	135p
Grand Met.	130	10	81	16	2	20½	—	"
Grand Met.	140	5	57	10	87	—	—	"
ICI	360	18	2	30	—	42	—	362p
ICI	390	6	15	14	1	25	—	"
Land Secs.	260	76	100	—	—	—	—	329p
Land Secs.	300	36	5	54	—	65	—	"
Land Secs.	330	13½	258	34	1	46	—	"
Marks & Sp.	90	2½	—	6½	—	9½	25	84p
Shell	330	72	—	82	1	92	—	392p
Shell	360	44	10	54	2	65	11	"
Shell	390	19	90	34	8	44	—	"
Shell	420	6	8	17	3	—	—	"
Totals			675		151		39	
		August		**November**		**February**		
Imperial Gp.	80	3	—	5	17	8	—	77p
Lonrho	80	8½	7	11	7	14½	3	81p
Lonrho	90	3½	—	6½	1	9	2	"
P. & O.	120	4½	3	8	—	11½	1	112p
Racal Elec.	200	45	24	56	—	—	—	238p
Racal Elec.	220	28	10	41	—	50	—	"
Racal Elec.	240	17½	56	29	—	40	1	"
RTZ	360	33	2	47	2	65	—	371p
RTZ	390	17	—	28	1	50	—	"
Totals			102		28		7	

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (29)

BRITISH FUNDS (3)
Exchqr. 8¼pc 1981 | Treas. 8½pc '80-82 | Exchqr. 9¾pc 1981

BANKS (1)
Gibbs (A.)

STORES (1)
Polly Peck

ENGINEERING (2)
Francis Inds. | Hall (Matthew)

FOODS (2)
Hazlewood Foods | Matthews (B.)

INDUSTRIALS (5)
European Ferries | Hensher A | French (Thos.) | Pritchard Services | Gosforth

INSURANCE (2)
London & Manch. | Pearl

MOTORS (1)
Abbey Panels

TRUSTS (1)
Yorks & Lancs.

OIL & GAS (8)
Century | Ultramar | Santos | Weeks Pet. | Siebens (UK) | Do. Pfd. Ord. | Tricentrol | Woodside

MINES (3)
Gold M. Kalgorlie | Southern Pacific | North West Mining

NEW LOWS (28)

STORES (2)
Freemans | Grenfields

ELECTRICALS (1)
Wigfall (H.)

ENGINEERING (4)
Braham Millar | Cooper Inds. | British Northrop | Greenbank

FOODS (1)
Panto (P.)

INDUSTRIALS (11)
Aronson (A.) | Redfearn Nat. Glass | Copydex | Rexmore | Dwek | Staffs. Potts. | Flexello | W.G.I. | Marling Inds. | Wedgwood | Pilkington Bros.

MOTORS (5)
E.R.F. | Hanger Invs. | Arlington Motor | Henlys | Dorada

SHOES (1)
K Shoes

TEXTILES (2)
Shiloh Spinners | Tern-Consulate

OVERSEAS TRADERS (1)
Gill & Duffus

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	35	3	51
Corpns., Dom. and Foreign Bonds	14	2	50
Industrials	242	176	978
Financial and Prop.	149	49	304
Oils	28	2	22
Plantations	3	2	21
Mines	80	17	58
Others	67	24	55
Totals	618	275	1,539

LEADERS AND LAGGARDS

Property	+21.86	Chemicals	+ 5.50
Gold Mines FT	+19.51	Consumer Goods (Durable)	+ 5.30
Merchant Banks	+17.98	Capital Goods Group	+ 5.15
Shipping	+17.70	Breweries	+ 4.88
Insurance (Life)	+17.47	Contracting and Construction	+ 4.65
Discount Houses	+16.28	Industrial Group	+ 4.38
Hire Purchase	+16.19	Metal and Metal Forming	+ 3.31
Mining Finance	+13.46	Consumer Goods (Non-Durable) Group	+ 2.96
Electronics, Radio and TV	+13.32	Food Retailing	+ 2.36
Investment Trusts	+11.87	Insurance (Composite)	+ 2.33
Building Materials	+11.85	Tobaccos	− 0.02
Oils	+10.82	Mechanical Engineering	− 0.85
Insurance Brokers	+10.27	Food Manufacturing	− 1.87
Entertainment and Catering	+10.20	Pharmaceutical Products	− 3.24
Overseas Traders	+ 8.64	Wines and Spirits	− 4.18
Financial Group	+ 8.13	Banks	− 4.46
Electricals	+ 7.97	Office Equipment	− 4.57
All-Share Index	+ 6.74	Textiles	− 5.42
Packaging and Paper	+ 6.42	Engineering Contractors	− 7.23
Stores	+ 6.20	Motors and Distributors	− 7.78
Newspapers and Publishing	+ 5.96	Household Goods	−18.94
Other Groups	+ 5.72	Toys and Games	−43.94
500-Share Index	+ 5.72		

Percentage changes since December 31, 1979, based on Tuesday, June 3.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., June 4, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues., June 3 Index No.	Mon., June 2 Index No.	Fri., May 30 Index No.	Thurs., May 29 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	225.71	+0.6	19.46	7.11	6.35	224.41	222.42	223.58	224.08	268.09
2	Building Materials (28)	223.24	+0.7	19.40	7.34	6.33	221.68	220.84	222.89	223.59	251.39
3	Contracting, Construction (27)	340.22	+0.1	27.72	7.11	4.29	339.83	337.10	338.96	339.74	485.86
4	Electricals (16)	599.02	+0.9	13.98	4.22	9.28	593.49	586.37	588.83	587.81	641.87
5	Engineering Contractors (11)	269.01	+0.8	25.39	9.63	4.94	266.87	265.05	264.74	266.11	394.48
6	Mechanical Engineering (74)	149.32	+0.3	21.54	8.78	5.69	148.81	147.64	148.58	149.59	200.78
8	Metals and Metal Forming (16)	149.89	+0.1	23.17	10.92	5.18	149.70	147.86	147.86	148.10	181.89
	CONSUMER GOODS										
11	(DURABLE) (49)	201.90	+0.7	16.22	6.30	7.56	200.48	198.23	202.15	201.58	248.56
12	Lt. Electronics, Radio, TV (14)	294.22	+1.4	12.42	4.54	10.31	290.24	286.24	292.30	290.65	336.73
13	Household Goods (14)	93.67	−0.7	31.55	11.41	3.74	94.35	94.27	94.95	95.54	175.01
14	Motors and Distributors (21)	94.70	−0.9	24.20	10.42	4.81	95.58	94.98	96.74	96.92	128.89
	CONSUMER GOODS										
21	(NON DURABLES) (172)	210.85	+0.5	19.65	7.54	6.14	209.74	207.30	209.23	209.79	249.35
22	Breweries (14)	266.39	+0.6	16.96	6.82	6.92	264.68	263.69	267.51	267.41	285.98
23	Wines and Spirits (5)	280.15	−0.3	19.44	6.67	6.34	280.95	278.92	282.08	281.70	311.97
24	Entertainment, Catering (17)	301.91	+0.2	18.67	7.20	6.61	301.34	294.54	295.21	292.92	325.85
25	Food Manufacturers (21)	187.93	+0.4	20.89	7.84	5.62	187.19	185.66	186.18	186.56	228.14
26	Food Retailing (13)	302.04	+0.3	14.09	5.13	8.41	301.01	293.25	293.61	292.18	305.35
32	Newspapers, Publishing (13)	407.78	+0.2	23.32	7.17	5.79	407.09	407.02	407.19	409.45	454.24
33	Packaging and Paper (15)	123.94	+1.1	29.28	10.05	3.94	122.65	119.07	121.42	122.29	144.55
34	Stores (42)	204.65	+0.8	15.00	6.02	8.58	203.02	201.39	203.57	205.27	254.03
35	Textiles (24)	118.53	−0.2	29.17	13.02	4.30	118.76	117.98	123.59	124.26	180.36
36	Tobaccos (3)	200.42	+0.7	30.52	11.55	3.71	198.94	195.50	195.50	196.01	250.09
37	Toys and Games (5)	26.93	+0.9	45.48	18.02	2.61	26.68	27.08	26.25	26.31	77.46
41	OTHER GROUPS (99)	199.90	+1.0	18.29	7.57	6.50	197.89	194.17	195.45	195.47	218.44
42	Chemicals (16)	296.36	+1.2	21.25	8.12	5.42	292.98	287.01	288.16	288.92	309.86
43	Pharmaceutical Products (7)	191.73	+2.1	13.37	7.20	9.21	187.75	181.38	184.09	179.75	235.58
44	Office Equipment (6)	100.51	+1.5	21.67	8.25	5.28	99.03	98.57	99.77	100.04	129.64
45	Shipping (10)	499.93	+0.2	14.15	7.07	8.64	499.15	491.64	490.09	496.85	493.03
46	Miscellaneous (60)	241.79	+0.5	17.94	7.21	6.86	240.60	237.25	238.76	239.94	258.19
49	INDUSTRIAL GROUP (492)	218.15	+0.7	19.03	7.35	6.36	216.70	213.95	215.74	216.07	254.12
51	Oils (8)	791.31	+2.5	29.16	6.51	3.78	771.74	770.00	749.74	742.60	695.51
59	500 SHARE INDEX	263.21	+1.1	21.32	7.16	5.51	260.39	257.69	257.84	257.61	289.82
61	FINANCIAL GROUP (118)	198.52	+0.7	—	6.22	—	197.19	195.48	196.60	196.70	201.98
62	Banks (6)	213.07	+1.2	45.96	7.23	2.67	210.51	207.52	206.01	205.88	244.43
63	Discount Houses (10)	243.89	−4.4	—	7.97	—	255.01	255.01	258.53	261.13	249.41
64	Hire Purchase (5)	193.19	+0.6	16.18	5.19	8.03	192.09	191.51	197.96	198.15	190.88
65	Insurance (Life) (10)	186.03	+1.3	—	6.85	—	183.70	182.84	183.84	184.46	165.08
66	Insurance (Composite) (9)	125.29	+0.6	—	8.59	—	124.51	123.50	124.65	124.35	136.49
67	Insurance Brokers (10)	299.60	+1.6	15.75	7.87	8.82	295.02	293.49	294.88	294.04	293.82
68	Merchant Banks (13)	105.92	—	—	5.96	—	105.89	105.87	105.98	106.37	101.70
69	Property (45)	386.54	+0.1	3.63	2.88	39.23	385.97	382.39	387.72	387.79	355.23
70	Miscellaneous (10)	126.61	+0.5	20.32	7.38	6.26	126.04	125.36	125.86	127.24	126.58
71	Investment Trusts (109)	216.34	+0.5	—	6.35	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	[illegible]	+1.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (19)	[illegible]	+0.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (750)	247.67	+1.0	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Wed., June 4	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	103.88	+0.15	—	4.57
2	5-15 years	108.25	+0.02	—	4.82
3	Over 15 years	112.60	+0.06	—	4.81
4	Irredeemables	126.64	−1.20	—	5.30
5	All stocks	107.93	+0.06	—	4.60

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Wed., June 4	Tues., June 3	Year ago (approx.)
1	Low Coupons	5 years	12.25	12.25	9.82
2		15 years	12.20	12.21	10.76
3		25 years	12.21	12.21	11.26
4	Medium Coupons	5 years	14.02	14.05	11.53
5		15 years	13.90	13.89	12.01
6		25 years	13.77	13.76	12.32
7	High Coupons	5 years	14.15	14.18	11.81
8		15 years	14.23	14.24	12.38
9		25 years	13.98	13.97	12.46
10	Irredeemables		11.56	11.42	11.09

		Wed., June 4 Index No.	Yield %	Tues. June 3	Mon. June 2	Fri. May 30	Thurs. May 29	Wed. May 28	Tues. May 27	Fri. May 23	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	51.48	14.89	51.42	51.40	51.41	51.42	51.33	51.27	51.31	60.19
16	Investment Trust Prefs. (15)	47.79	14.14	47.79	47.68	47.68	47.68	47.82	47.64	47.64	52.37
17	Coml. and Indl. Prefs. (20)	61.84	14.49	61.80	61.80	61.80	61.80	61.97	61.87	61.87	73.80

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
BP	25p	8	356	+12	412	320
Reed International	£1	8	182	+ 6	206	163
Barclays Bank	£1	7	420	+ 5	452	392
Beecham	25p	7	123	+ 4	134	108
LASMO	25p	7	680	+10	682	337
Burmah	£1	6	222	+ 4	249	162
GEC	25p	6	351	+ 3	388	326
Marks & Spencer	25p	6	84	—	96	77
Midland Bank	£1	6	328	+ 3	383	308
BAT Inds.	25p	5	235	+ 2	271	223
Glynwed	25p	5	79	+ 1	103	75
ICI	£1	5	366	+ 6	402	348
Racal Elec.	25p	5	242	+ 8	248	175
Turner & Newall	£1	5	96	+ 1	142	90
Unilever	25p	5	428	+ 2	480	388

OPTIONS

DEALING DATES

First Dealing	Last Dealing	Last Declaration	For Settlement
May 19	Jun. 6	Aug. 28	Sept. 8
Jun. 9	Jun. 20	Sept. 11	Sept. 22
Jun. 23	Jul. 4	Sept. 25	Oct. 6

For rate indications see end of Share Information Service.

Stocks favoured for the call included Town and City, Premier Oil, LRC, Montague L. Meyer, R. P. Martin, Burco Dean, Tesco, Woodside, Burmah, South Crofty, Lonrho, Coral Leisure, Lucas, Leyland Paint, Wilkinson Match, Ranger Oil, ICI, Siebens, York Trailer, Parkland Textile A, Offshore Oil and BP. A put was done in BP, while doubles were transacted in Dunlop, Airfix and Debenhams.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Net Div.	Times covered	Gross Yield	P/E Ratio
85	F.P.	16/5	95	84	Amstrad Cons. Elect.	84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Hemerdon Mng.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Kennedy Br'kes 10p	77	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Lancaster (DM) 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	27/6	[illegible]	[illegible]	Oakwood Group	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
100	F.P.	27/6	110	94	Peerless	94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount paid up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Automated Sec. 8% Cnv. Uns. Ln. '95	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Folkestone & District Water 10pc Pref '86	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Southern 10% Red Pref. 1985	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Home Farm Prods. 10pc Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Kennedy Brooks 10pc Cnv. Uns. Ln.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	NSS Newsagents 11% Cnv. Uns. Ln.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	North Brit. Props. 9% Cnv. Uns. Ln.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	North Surrey Water 10pc Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Norwest Holst 11% Red Cum Pref 1986	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount paid up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Brent Chemicals	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Clifford's Dairies 'A'	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Glyde Petroleum	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	East Rand Cons.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	First Castle Secs.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hawley Leisure	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Linfood	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lloyds & Scottish	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Silvermines	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Unitech	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856

Gilt Fund (Jersey)	£8.29	8.33	—	13.50
Gilt Trust (I.o.M.)	£92.4	94.7	—	13.50
Gilt Fnd. Guernsey	£8.41	8.46	−0.37	13.50
Intl. Govt. Secs. Tst.				
First Sterling	£19.03	19.22	—	—
First Intl.	£243.80	245.25	—	—

Kleinwort Benson Limited
20, Fenchurch St., EC3. 01-623 8000

Phoenix International
PO Box 77, St. Peter Port, Guern. 0481 26741

Inter-Dollar Fund	US$2.67	2.88	—	—
Far East Fund	US$1.86	2.02	—	—
Intl. Currency Fund	US$1.58	1.71	—	—
Dollar Fxd. Int. Fund	US$2.09	2.26	—	—
Ster. Exempt Gilt Fd.	£1.36	1.47	—	—

Providence Capitol Life Ass. (C.I.)
PO Box 121, St. Peter Port, Guernsey 0481 26726/9

Sterling Bond Fd.	£47.3	49.6	−0.4	—
Sterling Equity Fd.	£54.8	57.5	−0.4	—
Intnl. Bond Fd.	US$9.99	1.06	—	—
Intnl. Equity Fd.	US$0.96	1.03	—	—

Prices at June 4. Next dealing June 11.

Quest Fund Mngmnt. (Jersey) Ltd.
PO Box 194, St. Helier, Jersey. 0534 27441

Standard Chartered Intl. Bd. Fd.
37 rue Notre-Dame, Luxembourg.
NAV May 31 | US$10.22 | −0.05

Strongfold Management Limited
P.O. Box 315, St. Helier, Jersey. 0534-71460
Commodity Trust | 149.98 | 157.87

Surinvest (Jersey) Ltd. (x)
Queens Hse., Don Rd., St. Helier, Jsy. 0534 27349

American Intl. Tst.	£4.56	4.67	+0.01
Copper Trust	£13.41	13.74	+0.06
Jap. Index Tst.	£6.37	6.51	+0.21

Surinvest Trust Managers Ltd.
48, Athol Street, Douglas, Isle of Man. 0624 23914
The Coin Trust | 106.0 | 111.6

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	46.8	50.3	+0.3	1.99
Abbey Capital	[illegible]	[illegible]	+0.4	[illegible]
Abbey General	[illegible]	49.5	+0.4	[illegible]
Abbey Gilt & F.I. Tst.	104.4	109.9		[illegible]
Abbey Income	40.7	44.0	+0.4	9.16
Abbey Intl. Bd. Tst.	94.7	100.2	-0.1	5.49
Abbey Inv. Tst. Fnd.	37.4	40.4	+0.2	[illegible]
Equitas Prog. Trust	68.6	74.0	+0.7	6.06

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	85.0	90.7		12.98

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	75.1	80.4	+0.7	6.59
Brit. Inds. Fund	67.3	72.0	+0.3	7.22
Growth & Income	41.6	44.5	+0.3	6.25
Elect. & Ind. Dev.	36.3	38.6	+0.3	6.35
Allied Capital	76.2	81.5	+0.1	5.71
Hambro Fund	113.5	121.4	+0.5	6.65
Hambro Acc. Fund	143.2	153.2	+0.9	5.87

Income Funds

High Yield Fd.	62.6	67.0	+0.2	10.82
High Income	67.8	72.5	+0.3	9.41
A. H. Eq. Inc.	39.9	42.7	+0.2	8.50
Govt. Secs.	24.5	25.1	+0.1	8.96

International Funds

International	28.4	30.4	+0.3	3.55
Pacific Fund	48.3	51.7	+0.4	2.38

[illegible]

INSURANCE PROPERTY BONDS

[illegible]

OFFSHORE & OVERSEAS FUNDS

[illegible]

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99⅜	97⅞	Exchequer 13pc 1980‡‡	99⁵⁄₁₆	......	13.09	14.38
98⅝	96¾	Treasury 11½pc 1981‡‡	98⁵⁄₁₆	......	11.73	14.73
93	90¼	Treasury 3½pc 1979-81	93	......	3.76	14.26
96½	93⅝	Treasury 9¾pc 1981‡‡	96½	+⅛	10.10	14.29
94⅞	91¼	Exch. 8¼pc 1981	94⅞xd	+⅛	8.70	13.83
95¼	92¼	Exch. 9½pc 1981	95¼	+⅛	9.97	13.99
91¾	85½	Exch. 3pc 1981	91⅝	......	3.27	10.51
98¹³⁄₁₆	96½	Treas. Variable '81§§	98⅝	......	16.75	17.25
98⅞	95³⁄₁₆	Exch. 12¾pc 1981‡‡	97⅞	+⅛	13.03	14.34
92½	88½	Treas. 8½pc '80-82‡‡	92½	+⅛	9.19	13.79
88¾	82½	Treasury 3pc '82‡‡	88⅝	......	3.39	10.46
100⅞	96⅝	Treasury 14pc '82‡‡	99⅞	+⅛	14.02	14.01
97⅜	94¼	Treas. Variable '82§§	97⅜xd	+⅛	16.89	18.17
90¾	86⅛	Treasury 8¼pc '82	90⅝xd	+⅛	9.10	13.61
91	86⅞	Exch. 9¼pc 1982	90¹¹⁄₁₆	+⅛	10.20	14.07
89⅝	85	Exch. 8¾pc 1983	89⅝	+⅛	9.76	13.66
81¾	76½	Exch 3pc '83	81½	......	3.68	11.65
95¼	90⅞	Treasury 12pc 1983‡‡	94⅞	+⅛	12.64	14.22
95⅛	90⅞	Treas. Variable '83§§	95⅛	+⅛	17.36	18.64
92⅞	84½	Treasury 9¾pc '83	88½	+⅛	10.45	13.90
98¾	94¼	Exch. 13½pc '83	98⅛	+⅛	13.77	14.19
89⅞	84½	Exch. 10pc 1983	89½xd	+⅛	11.17	13.87
81⅛	76½	Funding 5½pc '82-84‡‡	80⅞	......	6.80	12.18
92⅞	87¼	Exch. 11¼pc 1984	92⅛	+⅛	12.21	14.00
100⅛	94½	Exchequer 14pc 1984	99⅛	+⅛	14.06	14.14
73⅞	68¼	Exch. 3pc 1984	73xd	+⅛	4.11	11.56
94⅞	88⅞	Treasury 12pc 1984	94⅛	+⅛	12.76	13.83
104⅞	98	Treasury 15pc 1985	103⅛	+⅛	14.55	14.04
—	—	Treasury 3pc 1985	69	......	4.35	11.35

Five to Fifteen Years

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
97⅝	90⅛	Exch. 12¼pc 1985	94¾	+⅛	12.99	13.75
87⅜	79¾	Treasury 8½pc '84-86‡‡	83xd	......	10.14	12.37
102⅞	91	Exch. 13¼pc 1987	101¼	+⅛	13.68	13.97
76⅝	70¾	Funding 6½pc '85-87‡‡	75⅞	......	8.64	11.84
79⅝	72¼	Treasury 7¾pc '85-88‡‡	78⅝	......	10.20	12.75
60⅝	54⅞	Transport 3pc '78-88	59xd	......	5.07	10.67
91⅝	83	Treasury 11½pc 1989	90⅞	+⅛	13.13	13.98
64⅛	58⅝	Treasury 5pc '86-89	62¼	......	8.06	11.80
100¾	89¾	Treasury 13pc 1990‡‡	100	+⅛	13.69	13.95
77½	69⅞	Treasury 8¼pc '87-90‡‡	74½xd	+⅛	11.04	12.80
92⅞	82½	Treasury 11¾pc 1991	86½xd	......	13.45	14.09
64⅞	57½	Funding 5¾pc '87-91‡‡	62⅛	......	9.40	12.94
87⅜	78⅛	Exch. 11pc 1991	83¾	......	13.33	14.12
97⅜	87⅛	Treasury 12¾pc '92‡‡	96½	......	13.49	14.19

Undated

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
32⅞	29	Consols 4pc	31¼	......	13.17	—
33¼	28⅞	War Loan 3½pc‡‡	31½xd	−⅛	11.12	—
37¼	32⅞	Conv. 3½pc '61 Aft.	34⅞	......	10.37	—
25⅛	21⅛	Treasury 3pc 66 Aft.	23⅞	......	13.12	—
22⅞	19½	Consols 2½pc	20½xd	......	12.22	—
20⅞	17⅞	Treasury 2½pc	19¼	......	12.95	—

INTERNATIONAL BANK

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
86	78	5pc Stock '77-82	85¼	+¼	5.85	12.74

CORPORATION LOANS

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
90	83⅝	Bath 11¼pc 1985	90	+¼	12.65	14.22
93¼	89½	Birm'ham 12½pc 1985	93½xd	......	13.37	14.35
98½	96¾	Bristol 13¾pc 1981	98⅜	......	13.98	15.99
98¾	90	Burnley 13pc 1987	95¾xd	......	13.58	13.97
89½	82¾	Cardiff 11pc 1986	88	+¼	12.67	14.19
96½	93	G.L.C. 12½pc '82	96¼	......	12.99	14.74
95	90¾	Do. 12½pc 1983	94¼	......	13.26	14.81
89¼	84¼	Glasgow 9¼pc '80-82	89	......	10.40	14.80
71½	64½	Herts 6¾pc 1985-87	71½	+¼	9.75	13.60
86½	81¾	Liverpool 9¾pc '80-84	86½	......	11.28	14.32
27	24	Do. 3½pc Irred.	25½xd	......	13.94	—
96¼	92¼	Lon. Corp. 13¼pc '83	96	−¼	13.80	14.74
87½	79¼	Do. 9¼pc '84-85	87½	+¼	10.77	12.98
74¾	71	L.C.C. 5½pc '82-84	74½	......	7.38	13.81
66	60½	Do. 5½pc '85-87	63¾xd	+¼	8.61	13.66
66	60¾	Do 6¾pc '88-90	65¼	+¼	10.79	13.69
23¾	21	Do. 3pc '20 Aft.	21½xd	......	14.83	—
97¾	95⅜	Newcastle 9¼pc '78-80	97¾	......	9.46	17.42
93½	87¾	Sunderland 12¼pc 1984	92¼	......	13.21	14.47

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
87¾	82¼	Aust. 5½pc '81-82	87¼	......	6.38	14.27
79½	72½	Do. 6pc 1981-83	78½xd	......	7.75	14.08
64	58	N.Z. 7¼pc 1988-92	60¼xd	......	11.98	14.06
78¼	72	Do. 7½pc '83-86	74½xd	......	10.00	13.71
93¾	88	Sth. Africa 9½pc '79-81	93¾	......	10.23	15.20
160	107	Sth. Rhod. 2½pc '65-70	149	+1	—	—
167	133	Do. 6pc '78-81	160	−3	—	—

LOANS

Public Board and Ind.

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
61½	56½	Agric. Mt. 5pc '59-89	59xd	......	8.42	12.65
80	73½	Alcan 10½pc '89-94	75xd	......	14.00	14.80
28½	25	Met. Wtr. 3pc 'B'	27¼	......	11.32	13.35
103	89	U.S.M.C. 9pc 1982	103	......	8.75	—
91	85½	Do. without Warrants	91	......	10.40	16.20

LOANS—Continued

Financial

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
98½	96½	FFI 13pc 1981	98¼	......	13.23	15.75
98	93½	Do. 14pc '83	97½	......	14.36	14.93
85	79½	FFI(UK Fe)5½pcDb. '80-2	84	......	6.63	14.43
76	71½	Do. 6¼pcDb. '81-84	76xd	......	8.22	13.55
90	80½	Do. 10½pc Uns.Ln. '86	85xd	+1	12.35	14.50
89½	77	Do. 11pc Uns.Ln. '88	84xd	+½	13.09	14.10
91½	82	Do. 11¾pc Uns.Ln. '90	85½xd	+½	13.74	14.60
63	56	Do. 7¼pcADeb. '89-92	59½xd	+½	12.18	14.30
61	51½	Do. 7½pcA Db. '91-94	59	......	12.64	14.35
72	64½	Do. 9pc'A' '91-94	69½	......	13.34	14.45
67¼	61	Do. 8¾pcLn. '92-97	67¼	+¼	13.86	14.50
95	84½	Do. 12½pc. Uns. Ln. 1992	91¼	+¼	14.10	14.55

FOREIGN BONDS & RAILS

1980 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
77	43	Antofagasta Rly.	77	......	—	—
55	50	Do. 5pc Pref.	55xd	......	—	—
98	98	Chilean Mixed	98	......	—	3.39
58	42	Chinese 4½pc 1898	42	......	—	—
45	32	Do. 5pc 1912	32	......	—	—
24	18	Do. 5pc 1913	21	......	—	—
24	17½	Do. 5pc 1925 Boxer	23	......	—	—
35	28½	Greek 7pc Ass.	30xd	......	3½	11.66
35	31	Do 6pc 28 Stab. Ass.	31	......	6	9.68
34	30	Do 4pc Mixed Ass.	30	......	4	6.73
53	51	Hung. '24 Ass.	52	......	—	5.90
65	50	Iceland 6½pc '83-88	60	......	—	13.80
86	79	Ireland 7½pc '81-83	85½	......	7½	14.61
79½	71¼	Do 9¾pc '91-96	74¼	......	9¾	14.14
235	200	Japan 4pc '10 Ass	215	......	—	—
69	56	Do 6pc '83-88	64	+2	6	9.00
155	155	Peru Ass.3pc	155	......	3	2.00
$92½	$90	S.G.I. 6½pc 1980	$92½	......	6½	7.02
$94½	$84	Turin 9pc 1991	$84	......	9	10.11
DM91	DM90	Turin 6½pc 1984	DM90	......	6½	9.30
96	96	Uruguay 3½pc	96	......	3½	3.80

AMERICANS

1980 High	Low	Stock	£	+ or −	Div. Gross	C'vr	Y'ld Gr's
23⅜	16⅝	ASA	18⅝	−¼	$3.00	—	7.2
34	27½	AMF 5% Conv. '87	27½	......	5%	—	11.5
18½	15⅝	Abbott Labs.‖	18⅝	+¼	$1.20	—	2.9
25¼	17½	Amax $1	19⅝	+¼	$2.40	—	5.6
15⅛	11½	Amer. Express $0.60	14½	+⅛	$2.0	—	6.2
16¾	12⅞	Amer. Medical Intl. $1	15⅝	+¼	80c	—	2.4
24⅞	13⅜	Asarco Inc. ‖	15⅝	−⅜	$1.55	—	4.5
15⅛	11⅞	Baker Intnl. Corp. $1	13⅛	+⅜	h40c	—	1.3
845p	650p	Barnes Grp. $6⅔	650xd	−9	80c	—	5.5
24⅛	16⅜	Bendix Corp. $5	18½	+⅛	$2.84	—	6.9
11	830p	Beth Steel $8	916p	+18	$1.60	—	7.8
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26½	18⅛	Sperry Corp. $0.50	20	+¼	$1.90	—	5.5
21	15⅜	TRW Inc. $1¼	16½	−⅛	$2.20	—	6.0
19¼	14⅞	Tenneco $5	16½	+½	$2.40	—	6.5
154	125	Do. 10% Ln. Stk. 91-95	131xd	+1	10%	—	17.6
11⅝	736p	Tesoro Pt. US$0.16⅔	905p	+13	30c	—	1.5
18	12¼	Texaco $6.25	15¼	+¼	$2.40	—	7.0
23⅛	17⅛	Time Inc. $1	19½xd	−¼	$1.66	—	3.9
854p	665p	Transamerica $1	765p	−5	$1.12	—	6.6
23¾	17⅛	Utd. Tech. $US5	18⅞	+⅜	$2.20	—	5.2
945p	726p	U.S. Steel $1	776p	−10	$1.60	—	9.3
11½	967p	Woolworths $3½	11	......	$1.80	—	7.4
29⅞	21⅞	Xerox Corp. $1	24	−¼	$2.80	—	5.2
16⅝	11¼	Zapata Corp. 25c.	14½	+¼	48c	—	1.5

CANADIANS

1980 High	Low	Stock	£	+ or −	Div. Gross	C'vr	Y'ld Gr's
10⅞	865p	Bk. Montreal $2	10⅛	+¼	$1.52	—	5.5
11⅞	870p	Bk. Nova Scot. $1	10¹³⁄₁₆	+¼	$1.40	—	4.9
800p	685p	Bell Canada $8⅓	780p	+10	$1.64	—	8.0
800p	433p	Bow Valley‖	633xd	+8	h10c	—	0.6
12¼	820p	Brascan‖	10⅛	......	♦$1.20	—	4.5
10⅝	860p	Can.Imp.Bk. $2	10	+⅛	$1.80	—	6.8
18⅞	13⅛	Can.Pacific $5	15⅛	......	$1.80	—	4.5
34	27⅞	Do. 4pc Deb. £100	29½	......	4%	—	13.6
947	656	Can. Pac. Ent.‖	803	+47	h72.5c	—	1.2
14¼	8	Gulf Oil Can.‖	12xr	+⅛	44c	—	1.4
740p	570p	Hawker Sid. Can.‖	720p	+50	96c	—	5.0
19⅞	12¾	Hollinger $5	14½	+⅜	s$2.20	—	5.8
11⅞	850p	Hudson's Bay ‖	960p	−7	♦$1.20	—	4.7
14¼	925p	Hud.B.Oil G. $2½	11⅞xd	+⅜	57½	—	1.9
21⅞	13⅛	Imperial Oil‖	14⅛	+⅛	$1.40	—	3.8
14	855p	Inco‖	935p	−15	72c	—	2.9
565p	425p	Int. Nat. Gas $1	510p	+10	$1.00	—	7.4
495p	305p	Massey Ferg.‖	330p	−5	—	—	—
200p	100p	Place Gas $1	130p	+7	—	—	—
14⅞	10⅝	Rio Algom	11⅞	+¼	$1.50	—	4.8
17⅞	14½	Royal Bk.Can. $2	17½	+⅜	$2.40	—	5.1
25½	15⅞	Seagram Co. C$1	23½xd	+⅜	$US1.10	—	2.1
11⅞	890p	Tor. Dom. Bk. $1	11	+⅛	$1.36	—	4.7
10½	815p	Trans Can. Pipe	860p	+20	$1.16	—	5.1

BANKS AND HIRE PURCHASE

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
244	202	ANZ $A1	225	+10	†Q22c	3.7	5.1	5.3
250	183	Alexanders D. £1	233	−7	16.0	—	9.8	—
£76½	£56	Algemene Fl.100	£62	......	Q25%	1.9	8.1	6.6
365	290	Allen Harvey £1	330	−20	21.5	—	9.3	—
128	96	Allied Irish	96xd	......	Q8.93	—	9.0	—
17	13	Ansbacher (H.) 5p.	14½xd	......	0.15	—	1.5	—
235	180	Arbuthnot L. £1	220	......	†10.42	—	6.8	—
360	283½	Bk. Ireland £1	285xd	......	Q23.51	—	8.0	—
£162	£134	Do. 10pc Conv.	£134	−8	Q10%	—	f7.0	—
*8	5	Bk. Leumi $0.1	6	......	gQ11%	—	1.9	—
120	100	Bk.Leumi (UK)£1	120	......	8.57	—	10.7	—
178	135	Bk. N.S.W. $A1	141	+6	Q16c	♦	5.9	♦
305	235	Bank Scotland £1	240	......	15.0	5.1	8.9	3.0
£21	£16¼	Bankers N.Y.$10	£20½	+⅛	Q$3.30	—	7.2	—

BANKS & HP—Continued

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INDUSTRIALS—Continued

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
33	22	Hirst Mal'son 20p	23	—	2.6	1.4	16.2	(4.4)
82	75	Holden (A.)	82	—	†4.0	3.4	7.0	5.7
51	43	Hollis Bros	43	—	†5.12	1.8	17.0	4.2
256	216	Holt Lloyd Int. 10p	220xd	+2	9.5	♦	6.2	♦
182	120	Hoover 'A'	152	—	12.8	8.9	11.3	(4.8)
112	93	Hoskins & H 20p	108xd	—	8.0	1.5	10.6	7.9
*80	54	Howard Tenens	67	+1	b2.28	—	4.9	—
375	290	Hunting Assoc.	348	—	5.0	6.0	2.1	8.7
90	66	Huntleigh 10p	75	—	2.79	2.8	2.3	27.9
79½	55½	Hutch Whamp SHK1	71	+½	hQ28c	2.6	3.7	10.3
25½	17	Hyman (I. & J.) 5p	18	—	1.25	3.6	9.9	4.0
£11⅝	845	I.C. Industries$	£11⅛	−¼	Q$2.00	—	8.1	—
145	111	ICL	135xd	−1	††b2.97	6.9	3.2	5.0
32	24	Ingall Inds. 10p	24	—	t2.27	1.7	13.5	7.0
135	107	Initial Services	125	+1	†5.5	2.5	6.3	7.4
18	10	Inter-City 20p	11½	—	0.6	1.8	7.5	(8.8)
57	39½	J. B. Holdings 10p	40xd	—	3.0	2.1	10.7	6.2
150	118	Jacksons Bourne	118	—	†♦3.0	3.3	3.6	11.2
20	14½	James (M.) Inds. 20p	18½	—	20.75	3.3	5.8	11.1
149½	108	Jardine M. SHK5	132	+2	hQ82c	1.9	5.8	9.1
29	20	Jentique	20	—	2.48	1.6	17.7	3.7
7	4½	Johnson & Barnes	5	—	—	—	—	1.9
180	135	Johnson Clears.	154	—	6.2	3.8	5.8	4.9
300	205	Johnson-Mthy. £1	267	—	†8.5	2.9	4.5	9.1
57	39½	Jourdan (T.) 10p	54	+2	4.2	0.6	11.1	20.9
75	63	Kalamazoo 10p	66½	+2½	3.75	1.6	8.1	11.2
133	98	Kelsey Inds.	127xd	—	t7.0	4.1	7.9	5.2
72	53	Kennedy Sm. 10p	62	+2	12.8	3.7	6.4	8.2
362	225	Kershaw (A.) 5p	260	+5	h21.75	0.6	12.0	(17.0)
76	69	Kleen-E-Ze Hldgs.	76	—	d4.5	2.1	8.5	7.9
82	67	L.C.P. Hlds	70	+2	††b3.67	2.9	7.5	7.3
28	16	L.K. Ind'l. Invs.	19	—	♦1.5	—	11.3	—
32	25	L.R.C. Int. 10p	29	—	2.23	1.4	11.0	8.7
64	45	Lawtex	45	—	†3.56	4.5	11.8	2.0
164	134	Lead Inds. 50p	154	—	9.66	2.7	9.0	5.4
88	82	Leadenhall Sterling	83	—	3.12	3.3	5.4	8.1
60	46	Le Bas (Ed.)	60	—	1.93	2.9	4.6	8.3
280	229	Lep Group 10p	268	+2	†12.5	2.3	6.9	7.7
34	15	Lesney Prods. 5p	18	—	d3.24	3.2	25.7	(1.3)
142	108	Letraset 10p	114	—	t7.14	2.3	8.9	8.8
54	41	Lilleshall 10p	54	+1	3.5	3.8	9.3	3.0
30	28	Lon. & Lin. 10p	28	—	♦H1.4	1.4	7.3	0.1
115	83	London & Midl'd.	105	—	†6.75	2.2	9.2	7.1
42½	32	Lon. & Nthn. Grp.	35½xd	—	3.75	3.9	15.1	2.5
11	7½	Long Hambly. 10p	7½	—	†0.48	5.0	‡	2.3
90	80	Longton Inds.	80	—	†4.5	3.6	8.0	3.8
65	53	Lonsdale Univrsl.	53	—	5.17	1.9	13.9	4.6
44	15	††Lowtrim	18	—	b3.36	1.3	26.7	4.3
182	165	Low & Bonar 50p	168	−2	14.5	1.6	12.3	7.1
48	33	M.Y. Dart. 10p	33½	+½	g2.8	2.9	11.9	3.3
117	89	M'c'rthy Ph. 20p	94	+4	16.5	3.7	9.9	3.1
81½	77	Macfarlane Gp.	74xc	—	h3.52	2.8	6.8	7.3
18½	9½	McCleery L'A'	16½	+1½	♦0.5	—	4.3	—
36	22	MacLellan (P. & W.)	26	—	1.79	1.9	9.8	(6.1)
101	83	Macpherson (D.)	87	—	4.2	4.0	7.1	3.9

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

FINANCE, LAND—Continued

OIL AND GAS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25	21	Acmex 50c	25	—	—	—	—
24	12	ACM 20c	15	—	—	—	—
100	52½	Bond Corp.	100	—	b02.8c	2.2	1.4

Tins

Copper

Miscellaneous

NOTES

REGIONAL MARKETS

Bdg'wtr. Est. 50p	410	—	Nat. 9¾% 84/89	£75⅝	—
Clover Croft	60	—	Fin. 13% 97/02	£84⅝	+⅛
Craig & Rose £1	£10½	—	Alliance Gas	48	—
Fife Forge	32½	—	Arnott	365	+5
Finlay Pkg. 5p	18	—	Carroll (P.J.)	50	—
Graig Ship. £1	£14½	+½	Clondalkin	117	−1
Higsons Brew	73	−5	Concrete Prods.	75	—
Holt (Jos) 25p	250	−2	Helton (Hldgs.)	36	—
I.O.M. Stm. £1	189	—	Ins. Corp.	245	—
Pearce (C. H.)	455	—	Irish Ropes	55	—
Peel Mills	40	—	Jacob	37	—
Sheff. Refrshmt	163	—	T.M.G.	98	—
Sindall (Wm.)	140xd	—	Unidare	94	—

OPTIONS
3-month Call Rates

Industrials					
A. Brew	8	"Imps"	7	Vickers	14
BOC Intl.	6	I.C.L.	45	Woolworths	6½
B.S.R.	5	Inveresk	5		
Babcock	12	Ladbroke	15	**Property**	
Barclays Bank	30	Legal & Gen.	14	Brit. Land	7
Beecham	13	Lex Service	10	Cap. Counties	9
Blue Circle	25	Lloyds Bank	24	Land Secs.	25
Boots	17	"Lots"	3½	MEPC	17
Bowaters	16	London Brick	6	Peachey	13
B.A.T.	25	Lucas Inds.	28	Samuel Props.	12
Brown (J.)	7	"Mams"	14	Town & City	2
Burton 'A'	22	Mrks. & Spncr	9		
Cadburys	5½	Midland Bank	30	**Oils**	
Courtaulds	8	N.E.I.	5	Brit. Petroleum	38
Debenhams	8	Nat. West. Bank	32	Burmah Oil	20
Distillers	21	P & O Dfd.	9	Charterhall	12
Dunlop	5½	Plessey	16	KCA	11
Eagle Star	14	Racal Elect.	29	Premier	12
F.N.F.C.	2½	R.H.M.	4½	Shell	35
Gen. Accident	21	Rank Org.	18	Tricentrol	35
Gen. Electric	30	Reed Intnl.	17	Ultramar	50
Glaxo	40	Sears	5½		
Grand Met.	12	Tesco	7	**Mines**	
G.U.S. 'A'	30	Thorn	25	Charter Cons.	18
Guardian	25	Trust Houses	14	Cons. Gold	52
G.K.N.	22	Tube Invest.	27	Lonrho	12
Hawker Sidd	16	Unilever	40	Rio T. Zinc	35
House of Fraser	12	U.D.T.	6		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 38

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES

Thursday June 5 1980

Soviet nuclear strength warning

BY REGINALD DALE IN BODO, NORTH NORWAY

DEFENCE MINISTERS of the North Atlantic Treaty Organisation warned yesterday that the Soviet Union is increasing its nuclear firepower directed against Western Europe faster than feared.

The 12 countries of NATO's nuclear planning group said Soviet superiority in the mid-1980s might be "even larger than previously anticipated."

They renewed the West's offer to negotiateon the East-West nuclear balance in Europe.

In a communiqué issued at the end of their two-day meeting, the Ministers regretter that Moscow had rejected two U.S. offers for serious arms control negotiations involving these "theatre" nuclear weapons "and was instead advancing unacceptable pre-conditions which would perpetuate inequality."

Mr. Harold Brown, U.S. Defence Secretary, said it was once again up to the Soviet Union to respond to the latest offer. It was "perhaps not highly probable" Moscow would accept it.

Mr. Francis Pym, UK Defence Secretary, said the threat of increased Soviet superiority derived from two factors.

First, the Soviet Union was introducing its new mobile SS20 long-range missile faster than expected — one every five days. Second, old SS4 and SS5 missiles were not being withdrawn as fast as the West had been led to believe.

Nato could face more than 1,000 Soviet medium-range nuclear warheads specifically targeted at Western Europe in two to three years. About 600 would be mounted on SS20s, which each carry three wareheads and can strike with pinpoint accuracy anywhere in Western Europe.

The alliance's decision to respond by installing 572 new American warheads in Western Europe was reaffirmed. It was "deliberately restrained" compared with the growth of Soviet nuclear firepower, the Ministers said.

Older American warheads would be withdrawn as the new ones were introduced, on top of the 1,000 warheads that the U.S. has started to withdraw unilaterally.

Earlier, Mr. Pym urged Mr. Charles Poswick, the Belgian Defence Minister, to use his influence in Brussels to ensure that his country would continue to subscribe to the plan to install the new U.S. weapons. Belgium has been asked to take 48 ground-launched Cruise missiles, but has yet to give final approval.

The Netherlands is not to take a final decision on whether to accept its quota of 48 missiles until 1981.

Mr. Pym said the talks had shown that the alliance decision of last December to go ahead with the plan was still "rock solid."

Moscow has been trying to persuade the alliance to suspend the decision to allow negotiations to start, but has given no indication that it will stop deploying its missiles in exchange.

Mr. Brown reaffirmed that the U.S. Administration was determined to press ahead with ratification of the strategic arms limitation treaty SALT II as soon as politically feasible.

U.S. officials believe that the first major test of whether Moscow is sticking to the limits will not come before next spring. The Soviet Union would then be due under the Treaty to start dismantling a number of inter-continental ballistic missiles.

Mr. Brown said the Soviet threat to NATO's northern flank had been considerably stepped up in the last two years.

Heath warning, Page 10

Unity on economic strategy for West

By Robert Mauthner in Paris

MINISTERS from the leading Western industrialised countries agreed yesterday that the continuing high rate of inflation called for the maintenance of restrictive economic and monetary policies.

A communique issued here after the two-day annual Ministerial meeting of the 24-nation Organisation for Economic Co-operation and Development (OECD), recognised that the industrialised West was facing a substantial slowdown in economic growth in the coming 12 months. But the Ministers decided that the fight against inflation should be given priority.

"It would be a serious errer to relax tight monetary and fiscal policies until the current surge in inflation has demonstrably been brought under control and the consequences of higher oil prices on *real* incomes are fully absorbed," the communique said.

At a Press conference after the meeting, Mr. Emile Van Lennep, the OECD secretary-general, said that this advice appiled to all member countries and that no country in the industrialised West had made sufficient progress in curbing inflation.

The OECD. therefore, have tempararily shelved their previous strategy of urging the strongest countries, such as West Germany and Japan, with relatively low rates of inflation, to act a locomotives for the world economy, while others with serious payments deficits and high rates of inflation maintained a tight monetary and fiscal policy.

But this strategy would be revived once the second oil price shock had been absorbed. The Ministers recognised that it was doubtful whether, in many countries, a self-gnerated economic recovery would be possible on present policies.

But the Ministers felt that tight monetary and fiscal policies were already beginning to show some positive results. In most member countries, inflation appeared to be nearing its peak and there should be a steady, if slow improvement, over the next 12 months.

They also admitted that the OECD as a group will have to accept a large, if diminishing, current payments deficit, as the counterpart to OPEC surpluses "for some time to come."

While priority must be given to bringing oil-induced inflation under control, entailing restrictive demand management policies, the Ministers said steps should be taken to promote, both in the short- and medium-term, the conditions for investment-led growth in output and employment.

The Ministers also stressed the need for more effective actionto cut member countries' energy demands. The price mechanism had an important role to play in this.

The meeting adopted a new open-ended trade declaration, pledging member Governments to refrain from restrictive trade measures and to pursue policies which would strengthen developing countries' economies.

Commission predicts 2m jobless by end of 1981

BY PHILIP BASSETT, LABOUR STAFF

UNEMPLOYMENT in Britain will exceed 2m by the end of next year, and there is little prospect of sufficient economic improvement to prevent the number from remaining high in the medium term.

The warning, published yesterday in the annual review of the Government-sponsored Manpower Services Commission, predicts considerably higher unemployment than did previous official assumptions.

These were an average of 1.6m registered unemployment (excluding school-leavers) in 1980-81 and 1.8m in 1981-82.

The MSC was careful yesterday to make clear that the warning was a summary of a wide range of independent economic forecasts, including those of the London Business School and the Cambridge Economic Policy Group.

Officials, however, accepted the independent forecasts, and the MSC is basing its plans on the assumption of 2m unemployed by the end of 1981.

The review says labour market prospects in the short-term are depressing. Employment opportunities seem almost certain to decline, mainly as a result of the disruption of international trade by oil price increases and the Government's emphasis on controlling inflation.

The review comes close to abandoning the Commission's traditionally neutral stance and of criticising Government policies. Tighter monetary control leads to reductions in sales, output and employment, it says.

Lower public expenditure and reduced activity in construction and capital goods production, following higher interest rates, have also contributed toward employment losses.

The review says deteriorating economic conditions abroad and expectations of continuing monetary pressures in Britain have pushed the projection for the end of next year above the 2m mark.

It suggests that regions which are already suffering above-average unemployment may be particularly hit by further increases.

While the Commission acknowledges some prospect of halting the deterioration in the labour market in the medium term, mainly because of the falling numbers of young people seeking work, there seems little prospect that unemployment will be reduced.

The review suggests, though, that the impact of micro-electronics upon the labour market will not, as some commentators have insisted, push unemployment up to much higher levels, it will have no substantial short-term employment effects, only limited medium-term effects and even in the longer term will only be one of many factors.

The MSC says that the more worrying possibility is of insufficient investment in new technology, leading to lower productivity and less competitiveness.

The report was seen by trade union leaders and opposition speakers as an indictment of the Government's economic and employment policies.

PM talks on union immunities

BY RICHARD EVANS, LOBBY EDITOR

THE Prime Minister and other Ministers are involving themselves in the early preparation of the promised Government review into trade union immunities. The review will be published as a Green Paper in the autumn.

Drafting will be left to Mr. James Prior, Employment Secretary, who has continued to urge caution in restricting trade union rights. He has faced criticism from Conservative Right-wing MPs and some Ministers who want more aggressive action to curb union power.

Mrs. Thatcher yesterday agreed to see a deputation from the Association of British Chambers of Commerce on their anxieties about trade union immunities and closed shop legislation.

It was the first time she had heard representations directly on the Green Paper. She was accompanied by Mr. Prior, Mr. Michael Heseltine, Environment Secretary, Mr. Patrick Jenkin, Social Services Secretary, and Mr. Mark Carlisle, Education Secretary. Sir Tom Boardman, a former Conservative Industry Minister, led the delegation.

Mr. Prior is anxious not to bring the Green Paper forward until after the TUC conference in early September, and the Conservative conference in early October.

Publication will be followed by lengthy consultations.

Sharp drop in U.S. motor sales

BY ROBIN PAULEY

CAR AND truck sales in the U.S. took their sharpest drop of the current motor industry slump last month, causing Detroit to cut its projected June output to its lowest level for that month for more than 20 years.

The three major U.S. manufacturers sold 472,000 cars altogether last month, a 37 per cent fall from May 1979.

Ford's car sales in May were 41 per cent lower than in the same month last year, while Chrysler's were down by 49 per cent. General Motors' car sales fell by 34 per cent.

A drop in light lorry sales has now been added to by a cyclical downturn in sales of heavier vehicles, driving Ford's truck sales 46 per cent lower in the month. Chrysler's truck sales were down by 36 per cent, while GM's lorry sales fell by 35 per cent.

In the first five months of the year, Ford has sold 32 per cent, Chysler 33 per cent, and GM 17.9 per cent fewer cars than in the opening months of 1979.

In May, the sales drop which began in October was compounded by a sharp weakening in consumer spending and problems of credit availability.

All the manufacturers have announced cash rebates or other bargain offers designed to stimulate sales, but evidently had little success.

Although the manufacturers have been hard hit by the slump, General Motors, the largest, has consistently emerged with the smallest losses, indicating that the industry leader is remorselessly picking up market share as the slump progresses.

Where Ford went wrong, Page 20

Sterling recovers Continued from Page 1

between interest rates in the UK and those abroad.

While the pound yesterday recouped much of its previous fall against the dollar, it registered a slighter recovery against the main Continental currencies. Consequently, the sterling trade-weighted index reversed only 0.5 points

These events have had relatively little impact on the gilt-edged market where prices have moved in a narrow range. There appears to have been a cool reception for the new £1bn 13½ per cent Exchequer 1994 stock.

The Bank of England said yesterday all tenders had been allotted in full at the minimum tender price of £96 per cent. Brokers yesterday reckoned that subscriptions had been limited for the issue, for which £40 per £100 had to be subscribed yesterday.

'Quarter of tax assessments wrong'

BY IAN RODGER

ERRORS BY Inland Revenue clerical staff result in more than a quarter of all tax assessments being inaccurate, an internal check in 43 of the 580 PAYE tav offices has suggested. Inspectors have now been assigned to check clerical work in PAYE offices.

The tests, results of which were revealed in part by Sir Lawrence Airey, chairman of the Board of the Inland Revenue, as a Parliamentary Public Accounts Committee hearing, suggested that 27 per cent of returns were incorrectly processed. In addition, 12 per cent of codings were inaccurate and 24 per cent of returns contained errors.

If this pattern were extended to the entire country, it would have cost the Inland Revenue a net £7m a year in PAYE tax revenue, compared to the £16bn raised in 1977/78. Underpayments of tax would have amounted to £25m and overpayments to £18m.

Sir Lawrence described the figures as "disturbing and unsatisfactory," and Mr. Joel Barnett, chairman of the committee, called them "very worrying."

Treasury Ministers in the past have described the PAYE system as a "Rolls-Royce model" for tax collection and the Revenue has opposed self-assessment on the grounds that it would be less efficient.

Mr. Barnet was surprised yesterday that th ecost of the errors had not been higher. Sir Lawrence explained that the Revenue permitted underpayment errors of up to £20 and over-payment errors of up to £2 in the years covered by the survey. In the test samples only eight per cent of the errors on assessments and seven per cent of the errors on returns were outside the tolerance limit.

Sir Lawrence thought the results might reflect the pressures imposed by three Finance Bills in one year (1977), changes in mortgage rates and industrial action at the time.

He refused to make any judgment about the Revenue's management until it was known whether or not the pattern extended across the country.

Suit against Stock Exchange

By Christine Moir

MR. TOM SCRASE, senior partner of stockbroker Gittins and Co., is taking the Stock Exchange to court in an attempt to overturn an adverse decision by its disciplinary appeal committee.

The appeal committee upheld a decision made early last year by the main disciplinary committee that Mr. Scrase was responsible for breaches of Stock Exchange rules by Mr. David Killan, an employee of Gittins.

Mr. Scrase is basing his case on a House of Lords ruling in disciplinary proceedings involving the Law Society and a senior solicitor. The Lords held that responsibility must involve some knowledge.

His suit is not likely to be heard until mid-autumn.

The Stock Exchange will not confirm that the appeals committee has reached a decision.

During a major investigation by the Stock Exchange into alleged irregular share dealings involving "put throughs"—deals where buyer and seller are pre-arranged—it found instances in which Harvard Securities, a firm of licensed dealers, evaded stamp duty on certain transactions.

In one of these cases, admitted by Harvard, blame was laid on the brokers acting for Harvard, Within Gittins. Mr. Killan carried out stamping duties for Harvard's deals.

The Stock Exchange determined that Mr. Scrase, as Gittins' senior administration partner, must bear ultimate responsibility.

Mr. Scrase said yesterday that he believed this decision might be "wrong in law." He was asking the court to overturn the Stock Exchange's ruling on that basis.

Weather

UK TODAY

WARM and sunny, but with thundery rain spreading later.

W. England, Wales, N. Scotland

Thundery showers with bright intervals. Max. 21C (70F).

Elsewhere

Dry and very warm, some thundery rain from W. later. Max. 24C (75F).

Outlook: Outbreaks of thundery rain in E. at first, otherwise sunny intervals. Temperatures near normal.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
				Jo'burg	S	16	61
				L. Plms.	S	24	75
				Lisbon	S	29	84
				Locarno	S	19	66
				London	S	27	81
				Luxmbg.	F	20	68
Alaccio	F	20	68	Luxor	S	32	108
Algiers	S	25	77	Madrid	S	30	86
Amsdm.	C	21	70	Majorca	S	24	75
Athens	F	21	70	Malaga	S	25	77
Behrain	S	34	93	Malta	S	22	72
Barclna.	S	21	70	M'chstr.	F	24	75
Beirut	S	26	79	Melbne.	S	15	59
Belfast	C	20	68	Mex. C.	S	24	75
Belgrd.	C	15	59	Milan	F	20	68
Berlin	F	19	66	Mntreal.	C	17	63
Biarritz	S	31	88	Moscow	R	12	54
Bmghm.	F	24	75	Munich	C	16	61
Blackpl.	F	26	79	Nairobi	S	21	71
Bordx.	S	29	84	Naples	F	22	72
Boulgn.	S	21	70	Nwcstl.	F	25	77
Bristol	F	25	77	N. York	S	22	72
Brussels	C	18	64	Nice	F	19	66
Budpst.	C	18	64	Nicosia	S	22	72
B. Aires	S	8	46	Oporto	S	20	68
Cairo	S	34	93	Oslo	S	22	72
Cardiff	F	24	75	Paris	F	25	77
Cas'b'ca	F	30	86	Perth	R	17	63
Cape T.	S	18	64	Prague	C	14	57
Chicago	C	19	67	Reykjvk.	C	8	46
Cologne	S	21	70	Rhodes	S	21	70
Cpnhgn.	S	23	73	Rio J'o	C	20	68
Corfu	S	23	73	Rome	F	22	72
Dublin	F	17	63	Salzbrg.	R	13	55
Dbrvnk.	F	21	70	Singapr.	S	30	87
Ednbgh.	F	26	79	Stckhm.	F	25	77
Faro	S	30	86	Strasbg.	F	22	72
Florence	C	19	66	Sydney	S	16	61
Frankft.	S	21	70	Tangier	S	30	85
Funchal	S	22	72	Tehran	S	29	84
Geneva	S	22	72	Tel Aviv	S	25	77
Gibrltr.	S	22	72	Tenerife	S	23	73
Glasgow	F	23	73	Tokyo	C	22	72
G'nsey	S	22	72	Toronto	S	20	68
Helsinki	S	23	73	Tunis	S	23	73
H. Kong	C	23	73	Valencia	S	28	82
Innsbrk.	C	16	61	Venice	S	23	73
Invrnss.	C	21	70	Vienna	C	17	63
I.o.Man	F	18	64	Warsaw	S	20	68
Jersey	S	24	75	Zurich	F	19	66

C—Cloudy. F—Fair. R—Rain. S—Sunny.

THE LEX COLUMN

U.S. bond issues bounce back

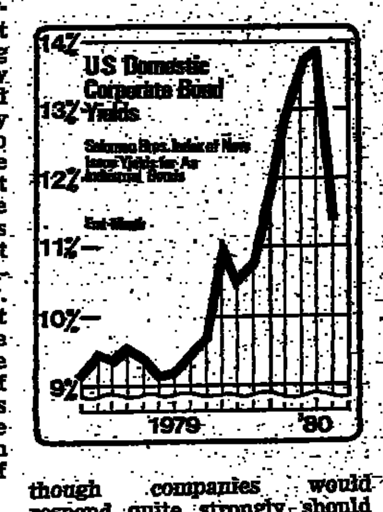
British corporate finance specialists are looking enviously at the huge surge in bond issues in the United States. Despite the traumatic experiences of the U.S. bond market in the spring, when soaring interest rates choked off new issue activity and at times led to near panic in the secondary market, the wounds appear to have been healed. It is true that the sheer volume of debt sales has put renewed pressure on long term interest rates which have tended to react slightly upwards after bottoming in the early part of May. But this is no more than might be expected in the light of the rapid filling up of the new issue calendar. The overhang of scheduled corporate bond issues has probably *doubled* over the past month, and there has been an even bigger build-up of municipals.

With U.S. inflation still well *into* double figures it is a little strange that there is such a keen demand for bonds which commonly offer yields in the 11 to 12 per cent range—and Coca Cola Corporation has even managed to get away with a yield of fractionally under 10 per cent—the first such pricing since IBM's masterful exercise in timing last autumn. The buyers are clearly influenced by the growing feeling in the U.S. that the recession will be an unusually deep one, with implications both for the rate of inflation itself and for the ruling level of real interest rates. Meanwhile the rapid tumble in short rates—primes were being widely cut to 13 per cent yesterday—is causing investors to shift longer.

On the other side of the fence, corporate treasurers are demonstrating their keenness to fund some of their floating rate bank finance even though the cost of capital remains historically at very high levels for the U.S. This implies a consensus *that long term bond* costs for the borrower are at an attractive, or at least tolerable, level in relation to likely inflation. It also implies that many borrowers believe it is not worth waiting for a further fall in rates to present a still better refinancing opportunity in the near future.

What makes the U.S. picture relevant to the British financial scene is that it gives a clear indication of the kind of interest rate level at which the British corporate bond primary market could be expected to stage its many times postponed come-back act. The cut-off for new loan stock issues before they virtually disappeared in the early 1970s was around 10½ per cent. But it now looks as though companies would respond quite strongly should long term fixed rate money become available at around 12 per cent. And if British finance directors were to *prove* reluctant, it is likely that, in the absence of exchange controls, foreign companies and sovereign borrowers would step into the vacuum in the sterling bond market.

Index rose 3.0 to 423.0



CSR

International investors have been moving back to Australia in a big way during recent weeks. But the preliminary figures from CSR — one of the country's four biggest groups by stock market capitalisation — are a reminder that Australia's blessings are not entirely unmixed. A profits gain of 49 per cent in the first six months has been followed by an increase of just 12 per cent in the second, and one of the main reasons for the disappointing performance has been industrial unrest at the Mount Newman iron ore joint venture.

Pre-tax profits overall are up by 43 per cent, but earnings on average outstanding capital are only an eighth higher at 45.7 cents per share, and the return on shareholders' funds has slipped a bit to 11.2 per cent. This reflects the way that CSR has transformed itself in the last 13 months, with two rights issues and some major acquisitions, notably the Thiess group of coal mines. Shareholders' funds have roughly doubled to A$1bn or so since the end of 1978-79.

Two-fifths of the latest earnings came from CSR's traditional business, sugar, which should produce substantially higher returns in 1980-81. Thiess will make a much bigger contribution this year, too, and overall earnings of 50 cents per share or more are in view on the much increased share capital. However the shares at A$6.60 are looking much further ahead to some major projects currently being planned, including aluminium smelting, new coking and steaming coal developments, and maybe eventually oil shale.

Comet

After last year's 46 per cent rise in pre-tax profits, Comet Radiovision could manage to advance only 2 per cent at the halfway stage of the current year. At the trading level the performance is considerably better, showing a rise of 20 per cent once the profit sharing scheme and drop in interest income are taken into account. But the downturn in business after last summer's consumer boom has hit the mainstream electrical discount business hard, balanced to some extent by a buoyant performance from the newly acquired DIY operations. Since the round of price cuts in February, the squeeze on margins has tightened.

The difficult climate has left stock levels rather higher than usual. The average turnround period has risen to about 13 weeks from 10½ or so, a factor which has helped to create net debt of £1.3m against a more typical cash surplus in September of £5.3m. The company has reduced its expansion plans for Timberland and seems notably more cautious about McOnomy, and TV rental, into which—like Currys—it is being tempted. Profits for the year should be £7½m or so against £9.2m. After the sharp drop in the share price in the last two weeks, it recovered by 2p yesterday to 72p, producing a prospective p/e of about 8, fully taxed, and a prospective yield of 7½ per cent.

MAIBL

The anomaly that MAIBL has been the only consortium bank to be granted exemptions under the Companies Acts has now ben resolved, with MAIBL—as promised last year—surrendering its right to maintain hidden reserves. This is still not quite the same as full disclosure, however, for although £4m of contingency reserves emerge blinking in the light of day in the balance sheet, a further undisclosed sum only undergoes a secret metamorphosis to become part of the general bad debt provision. The clearing banks have moved a stage further on in their disclosure policy; but then, MAIBL is a private bank (though 45 per cent owned by Midland).

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